Government Formation:
New Zealand
MMP and Minority Outcomes

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ABSTRACT

In 1996 New Zealand changed its electoral system to a proportional representation system known as Mixed Member Proportional (MMP). The new electoral system affected many areas of New Zealand politics from the number of parties to the type of outcomes. Under MMP, single party majoritarian governments are likely to be replaced by majority coalitions and minority governments. In light of these changes, this thesis focuses on government formation. A theoretical approach is adopted that employs existing government formation literature and builds a theoretical framework applicable to the New Zealand environment. The framework is then used as the basis for a cost/benefit analysis in a hypothetical five party system, where the parties are distributed along a left-right continuum comprising two major parties, one centre third party and two wing third parties.

A questionnaire based upon the theoretical framework was presented to 48 MPs, representing 40% of parliament's membership. This high rate of contact with the target group not only assured an isomorphism between theoretical suggestion and political reality, but also provided a valuable insight into the opinions of New Zealand's decision makers. More specifically the questionnaire's results indicate the central importance of the following three variables for government formation: (a) the effect of ministerial direction on policy influence maximisation; (b) the possibility of inter-caucus alliances within a coalition; and (c), the effect of Collective Cabinet Responsibility on junior coalition partners. Together with the theoretical framework these three insights provide enough detail to confirm and explicate this thesis research proposition, *that the introduction of MMP in New Zealand is likely to result in an increase in the number of single and multi-party minority governments.*

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Finally, to Edward who was here at the beginning but not the end.

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Chapter 1

Introduction

> It may be that another cultural tradition of the polity, *single - party government*, proves to be more persuasive than the urge towards majoritarianism. Minority, single-party governments might in the long term be as frequent a form of party government as majority coalitions or, indeed, minority coalitions.
>
> Jonathan Boston and Elizabeth McLeay[1]

The above quote reflects the speculation surrounding future government formation in New Zealand caused by the change to a proportional representation system in 1996. The new electoral system heralded a significant change within most areas of New Zealand politics, from the number of parties in parliament, to the way candidates are chosen. Understandably, the change in electoral systems has also caused significant changes to the way governments are formed. Before adopting the Mixed Member Proportional (MMP) system, government formation was a relatively straightforward process normally resulting in single party majoritarian governments. With MMP this process has changed: election results do not automatically indicate what type of government will form or which parties will be in government.

Under MMP an election is now but one stage, albeit a very important stage, in the government formation process that determines the parliamentary numbers of each party. This outcome is then combined with other factors such as a party's position in the party system, the level of internal cohesion and incumbency. Collectively, factors

[1] Boston, J. and, McLeay, E., (1997) *From Campaign to Coalition* , Palmerston North, Dunmore Press, p.244.

such as these interact with parliamentary representation and result in different bargaining positions for each party. These bargaining positions, weak or strong, are then taken into government formation negotiations where each party attempts to achieve its goals. Therefore, under MMP the once decisive election has been reduced to just one stage in the government formation process.

A great deal of material has been written on government formation in proportional electoral systems and significantly less on the recent changes in New Zealand's political environment. Overall, the literature on government formation tends to concentrate on furnishing explanations of majority coalitions without providing adequate explanations for minority outcomes. This led Strom to note that, despite minority governments being common and comprising a third of all governments in European proportional democracies[2], "there is no rich literature on minority governments *per se*"[3]. He also believes one of the reasons for this is that minority outcomes challenge the most sophisticated body of work on government formation, namely game theoretic/mathematical approaches[4].

The literature on government formation in New Zealand under MMP is not bountiful; however, this is to be expected due to the short time that MMP has been in place. The body of literature that does exist is largely comparative in methodology, more descriptive than theoretical and has not taken a holistic approach to the process of government formation. Consequently, more theoretical material is required to complement this comparative and descriptive literature. It is only with the addition of theoretical research that the value of the existing material can be fully utilised.

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[2] Strom, K., (1984), "Minority Governments in Parliamentary Democracies", in *Comparative Political Studies,* Vol.17, No.2, p. 200.
[3] Strom, K., (1990), *Minority Government and Majority Rule*, Cambridge University press, U.K, p. 9
[4] Ibid., p.21.

In light of these observations this study looks at general and minority government formation theory and combines this with the New Zealand situation. Additionally, the research proposition bears close resemblance to the speculative suggestion by Boston and McLeay (refer p.1) on future government outcomes in New Zealand. Therefore, this thesis' research proposition is:

"That the introduction of MMP in New Zealand is likely to result in an increase in the number of single and multiparty minority governments".

Superficially, the response to the proposition appears to be "yes". This is due to the increase in the number of parties within the political spectrum, as well as the overseas research which indicates that one in three governments formed in proportional liberal democracies are minority administrations[5]. However, balanced against this is New Zealand's political culture which has been the very model of majoritarian government: public expectations have been majoritarian and governing parties have expected to implement their legislative programmes without interference from the Opposition[6]. This predisposition towards majoritarianism was clearly evident in the period following the 1996 election, where neither the media nor political parties seriously considered minority government options[7].

In addressing the research proposition this study follows a three-stage process. First, those factors which are seen as important for government formation in general are identified and evaluated. Second, these factors are organised into a theoretical

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[5] Ibid., p. 9.
[6] McLeay, E., (1996), "Forming A Government", paper presented to the *Australian Studies of Politics Group 18th Annual Conference*, p. 3.
[7] The one minor exception was the Labour party which entertained the possibility of a minority coalition

framework and applied to the New Zealand situation, specifically focusing on those factors that promote minority outcomes. Third, the theoretical findings are evaluated by those individuals who form government, the MPs themselves, in order to achieve an isomorphism between theory and reality.

Methodology

One of the study's guiding principles was to produce a work that reflects the reality it hopes to illuminate. As Browne and Dreijmanis observed, the accuracy and value of theories "depends upon achieving isomorphisms between the analyst's ascription of the empirical properties of a concept and the perception of those properties by actors in real social contexts"[8]. This observation suggests that many theories do nothing more than manipulate mathematical formula or present in-depth empirical analysis that results in the identification of obvious correlations. This thesis is mindful of this problem and has chosen the methodology and means of data collection accordingly.

Methodologically, the study follows a comparative European approach but does not attempt yet another comparison between two similar countries. What it does is to logically model the costs and benefits of certain outcomes based on inductive theory leading to a number of general assumptions on government formation. Next, the author believes a researcher should, where possible, talk to the people who actually form governments - the MPs themselves. Admittedly, some of these individuals may be less than candid, but when a significant number of MPs concur on a particular point it becomes difficult to dismiss the validity of their combined perceptions.

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with NZF supported by the Alliance.

[8] Browne., E.C., and Dreijmanis, J.,(eds), (1982) *Government Coalitions in Western Democracies*, Longman, London, p. 338.

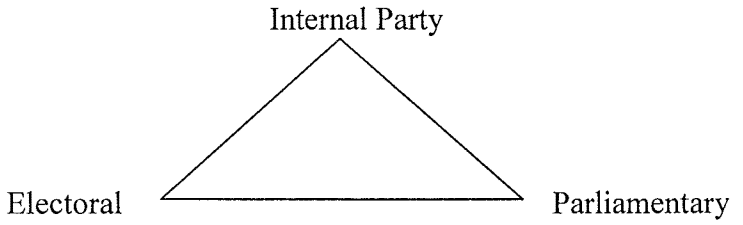
Therefore, the choice of collecting primary data was posited on two reasons. First, the literature reviewed revealed that many academic analyses had failed to adequately illuminate the subject they were studying. This failure was often caused by a reliance on untested assumptions which were then used as the basis of subsequent conclusions. This shortcoming is moderated here by testing each assumption in the questionnaire. The second reason interviews were selected over other research methods was the improved quality and quantity of the data. Other primary data analysis was unavailable: New Zealand has experienced less than three years of MMP and there is a lack of primary data to analyse. Additionally, secondary sources pose obvious problems for reliability of data and interpretation.

After deciding to gather primary data the next stage was to select the soundest collection technique. Methodologically, face-to-face guided interviews provide the best results as they allow greater flexibility in the questioning process. This makes it easier for additional information to be uncovered through supplementary probing questions. Also, any terms that are unclear in the survey can be clarified (ensuring a high level of uniformity in terminological comprehension) and the interviewer can ensure that questions are discussed in the same order. If another data collection method had been used, such as a mail questionnaire it would have been impossible to assure the integrity of the data and the subsequent empirical results might have been weakened.

The Organising Principle of this Thesis

The study of government formation is a diverse and voluminous subject. Therefore, an organising principle is required to aid analysis and categorise the many areas each approach concentrates upon. The organising principle of this thesis divides government formation into three interconnected but distinct arenas: the internal party arena, the electoral arena and the parliamentary arena. This organising principle (see Figure 1.1) aids in the analysis of existing theories and allows for the organisation of a theoretical framework. For example, a theory that explains government formation by post-election bargaining would fall within the parliamentary arena, whereas a theory that explained government formation as determined by elections would be included within the electoral arena. The arena principle is expanded upon in Chapter Three and is an important aspect of the theoretical framework.

Figure 1.1 Arena Organising Principle



Definition of Terms

A number of definitions are necessary at the outset of this study. The two primary terms used in the thesis are *majority government* and *minority government.* In a

majority government one or more parties hold a simple majority in parliament[9]. If two or more parties form a majority coalition government these parties are represented in cabinet. A *minority government* can either be single party or coalition, but it does not formally command a simple majority of parliamentary seats[10]. In a *minority government* the party or parties that form the executive must rely on support from non-governmental parties in order to govern[11].

The essential difference between a supported minority government and a majority coalition, for both this thesis and the vast bulk of government formation literature, is participation in cabinet[12]. Two theorists who do not follow this definition are De Swan (1973) and Laver (1986)[13]. They consider certain minority administrations as majority governments because of stable voting alliances between governing and supporting parties, which for them implies a sort of *de facto* coalition. Additionally, a minority government may give non-cabinet portfolios to a supporting party which further strengthens this informal alliance. However, despite the ability of a party to support a government *carte-blanche* and maybe even administer non-cabinet portfolios, this situation is not a coalition because if a party is not in cabinet it is not part of government.

This leads to a classification of government types according to their size and the number of parties involved. Figure 1.2 illustrates the types of minority and majority

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[9] Boston, 1996, p. 92; Herman, V., and Pope, J., (1973), "Minority Governments in Western Democracies", *British Journal of Political Science* , vol.3, No.2, April, p.192.

[10] Woldendorp, J., Keman, H., and Budge, I., (1998), "Party government in 20 Democracies: An update (1990-1995)", *European Journal of Political Research*, vol 33, pp.127-128.

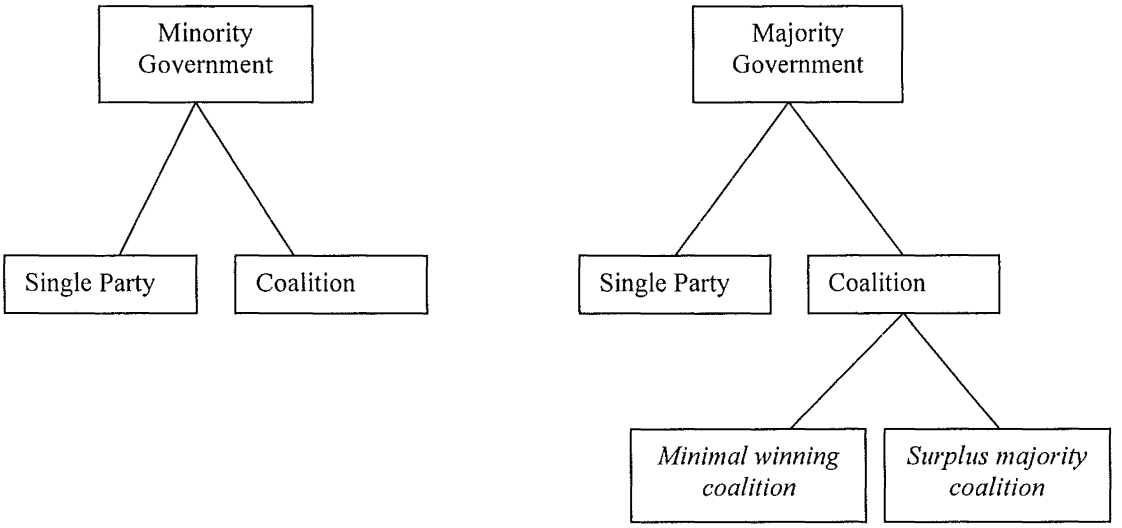
[11] The other situation which allows a minority government to govern would be the lack of organisation of the opposition. See Strom, 1990, pp.9-16.

[12] One notable exception to this definition is de Swaan, A., (1973) *Coalition Theories and Cabinet Formations: A Study of Formal Theories of Coalition Formation Applied to Nine European Parliaments After 1918*, Amsterdam; Elsevier. De Swaan incorrectly defines a coalition to include supporting parties. This reduces the need to consider minority governments, as all governments become majoritarian coalitions of one form or another.

[13] As noted in Pridham, G., (eds), (1986), *Coalition Behaviour in Theory and Practice*, Cambridge University Press; Great Britain.

governments[14]. Two terms that require further explanation are *Minimal Winning Coalitions (mwc)* and *Surplus Majority Coalitions (smc)*. A *mwc* is one where two or more parties control a majority of parliamentary seats; it is minimal in the sense that they do not include any party which is not necessary in order to reach a majority[15]. For example the first MMP government in New Zealand was a *mwc* comprised of two parties, National and New Zealand First. A *smc* is where a coalition has more members than it needs to control a majority in parliament. For example, if ACT had joined National and NZF in a coalition, the government would have moved from a *mwc* to a *smc*.

Figure 1.2 Government Formation



Other terms that require definition are those used to describe party types. Sartori conceptualised this definitional problem by asking the question, "What parties are

[14] This is based on Herman and Pope's classification of governments, 1973, p. 192.
[15] Riker, W.H., (1962), *The Theory Of Political Coalitions*, Yale University Press, London, p. 32-46.

relevant?"[16]. His answer focused on a party's positioning along the left/right scale, its size and its ability to become part of government or influence the government[17]. The different approaches to defining parties is reflected in the literature through a multitude of terms: large and small[18]; centre and core[19]; major and minor; and, dominant[20], weak, strong, merely strong or very strong[21].

Theorists employ these different but often overlapping terms to indicate the main focus of their theories. For example, a small party (i.e. one that is significantly smaller than other parties) can be a very strong party in Laver and Shelpse's (1996) theory if it is positioned in the centre of the political spectrum and can "dominate the government formation process"[22]. In this definition the size of the party is not as important as its location and negotiating power. Therefore, the type of study the author is undertaking, and the message to be conveyed, dictates the definition of terms.

This study aims to illuminate the process of government formation from a party-centred approach. Inherent in this type of analysis is an evaluation of a party's power as this relates to the goals they can expect to attain in any government formation negotiations. However, the judgement of party power and its subsequent effect on outcomes is conceptualised at the end of this study, after inductive theorising and empirical research. In one sense, the study makes an evaluation of party power differentials within the context of a particular party system as reflected in government formation negotiations.

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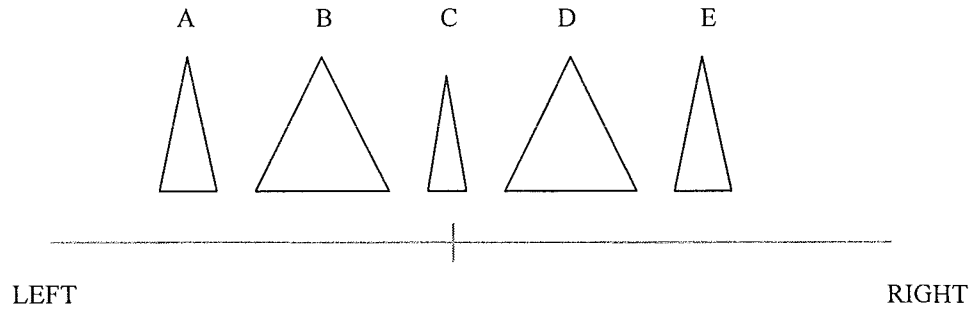
[16] Sartori G., (1976), *Party and Party Systems*, Cambridge University Press, New York, p. 121.
[17] Ibid., p. 122-123.
[18] Boston, J., et al, (1996) *New Zealand Under Proportional Representation* , Auckland University Press with Bridget Williams Books, p 27
[19] Laver, M., and Budge, I.,(eds), (1992), *Party Policy and Government Coalitions*, Mac Millian Press Ltd, London, p. 427.
[20] Laver and Budge, op.cit.
[21] Laver and Shepsle A.,(1996), *Making and Breaking Governments: Cabinets and Legislatures in Parliamentary Democracies*, Cambridge: Cambridge University Press, pp. 90-119
[22] Laver and Shepsle, p. 69.

Taking into account this consideration, the following definitions of party types do not indicate a value judgement on their relative power, but indicate their ideological position on the left/right political spectrum *vis-à-vis* each other in combination with their size[23]. Figure 1.3 below sets out the hypothetical party system this thesis employs. In Chapter Three it is used to analyse the cost and benefits of particular government outcomes and as such, it reflects the different types of parties this study is interested in. This five point party system was chosen for two reasons. First, it allows for an analysis of three groups of parties: major parties, centre third parties and wing third parties. Second, it reflects the present party system in New Zealand thereby making it relevant and applicable to MPs.

Figure 1.3 Assumed Party System



In this Figure there are three distinct types of parties:

- **B** and **D**, are *major parties* because of their size relative to parties A/C/E.
- **A/C/E** are *third parties*, however an important distinction exists between third parties which relates to their position *vis-à-vis* the *major parties*.
- **A** and **E** are *wing third parties* as they exist on the outside of the *major parties*

[23] This measurement is the most widely used in modern liberal democracies to differentiate between parties and is one that still reflects the situation in New Zealand.

along the ideological left/right spectrum

- **C** is a *centre third party* as it exists between the *major parties*.

The definitions in this section are designed to provide a basis for the following study by minimising the confusion caused by inconsistent or subjective use of terms. Too often studies define terms in a particular way to reinforce their conclusions or minimise the weak points in an argument[24]. This thesis uses language it believes is neutral, as it results from objective appraisals of empirical realities such as inclusion in cabinet and relative size. The terms are not intended to indicate any form of value judgement on what outcome is preferable or which party is strong or weak.

Organisation of study

The second chapter examines the literature on government formation from the formal (game/mathematical) and comparative approaches. The first section begins with a review of the early formal theorists from the mid 1940s and how they concentrated on identifying which units to examine and the motivations of political actors. Next, contemporary formal theorists are evaluated, focusing on how they extended and refined their methodology. The second section looks at the comparative European approach and analyses how it has aided the study of government formation. The next section concentrates solely on minority government explanations. The final section comes to a conclusion on the literature's overall contribution, and suggests five areas or foci that have to be considered when analysing government formation.

[24] For example, de Swaan's definition of a coalition reduces his need to consider minority governments and makes his theory appear more sound.

Chapter Three employs the findings from the literature review and presents a broad schema of analysis on government formation. Section one examines the general framework for government formation and expands on the three arenas organising principle. The next section looks at specific variables that impact on government formation processes and is summarised in a Table of General Assumptions (3.1). The final section combines the party system framework with the theoretical assumptions, resulting in a cost/benefit model which suggests the anticipated effects on each party from twelve politically viable government formation outcomes.

Chapter four transforms the theoretical suggestions into a questionnaire which was presented to MPs. The first part of the questionnaire asked general questions on MMP and government formation. While part two contrasted which factors MPs thought should be important in government formation negotiations with those that were important in the actual 1996 negotiations. Following this, questions were asked about the trade-offs that occur when considering minority or majority options. A scenario was then presented to MPs where they had to indicate their preferred government outcome.

The concluding, chapter brings together the earlier theorising and re-examines these findings in light of the questionnaire results. A review of the major findings highlights those factors that the study indicates are of central importance to government formation. Finally, it reconciles the empirical findings with the hypothesis, showing how this study has added to the body of literature on general government formation and government formation in New Zealand.

In summary, this thesis collected sufficient information to evaluate the hypothesis and achieved its goal of reflecting reality by attaining a 40% response rate amongst sitting MPs. The empirical evidence indicates that in New Zealand the following three

variables have a determining influence on government formation negotiations: (1) the ability to use ministerial direction to maximise policy influence; (2) the potential for inter-caucus alliances and their effect on party cohesion within a coalition; and (3), the perceived impact of collective cabinet responsibility and its negative effects on a junior coalition partner. The author anticipates that if these variables continue to be perceived by MPs as they currently are, then New Zealand is likely to have more single party and multiparty minority governments.

Chapter 2

Literature Review

The focus of this literature review is on government formation and looks at both general formation and specific minority government theories. The aim is to find those variables that are important in explaining both general and minority government formation from within the existing body of literature. To accomplish this, the literature is analysed in an attempt to illuminate those trends and maxims that theorists believe are substantively important. This analysis considers the two main theoretical approaches: Formal (game/mathematical) and Comparative.

The review focuses on five important components in the analysis of government formation. Throughout the literature, explanations by various theorists are analysed on their own merits and in relation to the following five components. These were chosen after a preliminary analysis of the literature, and then reapplied during the subsequent analysis in order to trace the history and development of each subject. These five components are:

(1) Unitary actor and intra-party considerations;
(2) Policy space modelling;
(3) Formation arenas;
(4) Conceptions of the Opposition;
(5) Time.

One aspect of government formation theory that must be addressed before looking at each approach is the assumed motivation of parties and individuals within the political systems. The debate within government formation literature centres on whether parties (and by definition individuals) are office-seeking or policy-seeking entities. This is of fundamental importance to any theory as assumptions on an actors motivations affects any further conceptualisations on government formation.

Within formation literature, the office-seeking approach is one of the two main assumptions on what motivates a party. This approach assumes that major political parties aim exclusively at gaining the largest possible share of office pay-off by obtaining 50% plus one of the legislative seats. When this is attained a party can maximise its office rewards by forming a government. These rewards are, ideally, 100% of the cabinet seats and control of important committees. Thus, the office-seeking approach believes selfish actors play a zero-sum game based solely on material rewards[25].

One early office-seeking approach was Riker's (1962), *The Theory of Political Coalitions*. He suggested that when a party cannot form a single party majoritarian government, it would attempt to bring about a *minimal winning coalition* (*mwc*)[26], an outcome where no superfluous parties are included over the minimum number needed for a majority. This model assumes parties are office maximisers, who do not want to share the rewards of office needlessly. Therefore, in Riker's *mwc* model the sole aim of the "electoral game" is to win votes in order to gain as many seats as possible, and thus maximise office pay-offs[27].

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[25] Budge, I.,and Keman, H., (1990) *Parties and Democracy*, Oxford University Press, USA, p.11.
[26] Riker, p.40.
[27] Ibid.

An alternative conceptualisation to the office-seeking approach models parties as primarily policy-seekers. Policy based theories assume that any coalition or minority government is in some sense predictable from the parties' policy positions. Leiserson (1966) was one of the first theorists to assume that policy as well as office motivated some parties[28]. He predicted that coalitions would only form between parties which had minimal ideological diversity[29].

From these modest beginnings theories with tentative policy-based assumptions increased in number. The first occasion where policy was employed as the central theoretical feature has been attributed to de Swaan (1973), a formal theorist, who believed policy was predominant over selfish office maximising behaviour. He assumed that "an actor strives to be included in a winning coalition, that he expects to adopt a policy, which is as close as possible to his own most preferred policy. This implies that considerations of policy are foremost in the minds of the actors and the parliamentary game is, in fact, about the determination of major government policy"[30].

Theories employing policy based assumptions began in the formal approach with researchers such as de Swaan, and then gained acceptance in the comparative European approach. Two of the early seminal works following this approach were by Browne and Franklin (1973) and Lawrence Dodd (1976). Browne and Franklin believed that "most political parties have policy goals, such expectations will reasonably include pay-offs in the form of policy prerogatives"[31]. Browne, Franklin and Dodd's

[28] Van Roozendaal, P.,(1992) *Cabinets In Multi-Party Democracies*, Thesis Publishers, Amsterdam, p.11.
[29] Ibid.
[30] de Swaan, A.,(1973) p.88.
[31] Browne, E.C., and Franklin, M.N.,(1973) "Aspects of Coalition Payoffs in European Parliamentary Democracies", *The American Political Science Review*, Vol. 63, p.453.

works were "bridge building", as they drew heavily upon the concepts and terminology of game theory but followed a comparative inductive methodology[32].

Both formal and comparative theorists now largely agree that policy motivations provide a better explanation of the driving force behind political parties. This does not mean the office-seeking approach is unimportant in the literature. There are two methodological reasons why this assumption is difficult to use. First, the symbiotic nature of policy and office motivations makes it problematic to decide which is predominant for any given actor, thus it is a difficult variable to identify and measure. Second, attributing too much weight to the office-seeking assumption makes it difficult to explain other types of government formation, such as minority governments or surplus majority governments.

Before concluding a discussion on party motivations, mention must be made of the numerous party and democracy theorists who argue that vote-seeking is a third motivation of political parties[33]. Surprisingly, within government formation literature this motivation is not directly dealt with, as office and policy influence maximisation both require vote maximisation. The difference between these two groups is that the democracy theorists believe vote-seeking is a normative goal, whereas formation theorists feel it is an instrumental process. This thesis follows the reasoning of democracy theorists and assumes vote-seeking to be a motivating force for political parties and an integral part of government formation

Therefore, for the purposes of this thesis, all three motivations; vote-seeking; office-seeking; and, policy-seeking, are deemed to affect political parties. This is not to say all politicians are equally concerned with all three, for in every country some

[32]For example, the most frequently cited works in Browne and Franklin are Riker, Gamson and Leiserson. Dodd also cites heavily from these formal theorists, but equally as heavily from comparative theorists such as Lowell and Blondel.

politicians have the reputation of being populist and of openly pursuing office pay-offs. However, as long as policy is important to voters and votes to politicians, then parties must heed and pursue the policy priorities of their supporters. A pragmatic approach to party motivations must acknowledge that all three are relevant and must be considered in any analysis of government formation.

The remainder of this chapter is divided into four sections. The first section examines the formal (game/mathematical) approach, looking at how the first formal theorists (or primary theorists) explained government formation, and then looks at present formal theorists (or contemporary theorists). The second section examines the comparative European approach, concentrating on the theorist's use of variables and assumptions. The third section looks specifically at minority government formation literature and the final section offers a conclusion.

2.1 Formal Approach: Game Theoretic / Mathematical

The game theoretic/mathematical method of analysis was founded by van Neumann (1947), a mathematician, and Morgenstern (1947), an economist, who collaborated to produce a game theoretic model that could be applied to social phenomena[34]. This provided social science with a pure sciences based tool to analyse social phenomena, that was deductive in logic and predictive in nature. As such, game theory uses mathematical analysis to discover rational outcomes in conflict situations.

The approach utilises the concept of the rational actor. That is, an actor who "chooses from the alternative courses of action open to him the one that leads to the

[33] Informal interviews with A. Lijphart convinced me of the necessity to deal with this point.
[34] Van Neumann and Morgenstern, (1947), *Theory of Games and Economic Behaviour* , 2nd ed, Pub. Princetown University Press, USA.

most preferred outcome or the outcome with the greatest utility [i.e. maximisation of goods and services]"[35]. In its most basic form, these actors participate in a one-off conflictual game with the aim of maximising pay-offs. Additionally, they possess perfect knowledge (i.e., the ramifications of any decisions are known by all participants), and any deals struck between actors are endogenously enforceable[36].

The aims of formal theorists are twofold. First, they seek to provide a general explanation of government formation in non-majoritarian situations by demonstrating the applicability of game/mathematical modelling. Second, they aim to improve the overall understanding of the phenomenon under study. A leading scholar in this field confirmed this supposition by saying, "In the long run, I am not interested *per se* in understanding coalition governments. Rather, I believe that the abstract framework outlined above can give some specific and intuitively plausible reasons how and why the politics of Britain, the USA, Japan, Germany, Russia, Israel and Mexico (to name just a few) are so different"[37].

2.1.1 Analysis, Critique and Evaluation of Formal Theories

Formal theories focus primarily on inter-party negotiation within the parliamentary arena. Coalition formation is discussed from the viewpoint of competing entities, defined as autonomous parties, in a post-election environment. As Narud (1996) observes, "Most formal models of coalition formation treat political parties as unitary actors. That is, they have tended to assume a bargaining environment more or less free

[35] de Swaan, 1973, p.20.
[36] This synopsis of formal theories holds true for most of the literature However Laver, M., and, Shepsle (1996) depart from some of the common tenets of game theory, for example by dropping the endogenously enforceable assumption.
[37] Schofield, N.,(1997), "Reflections: Coalition politics and representative democracy", *European Journal*

from constraints, such as the functional differences of factions within the party or the interests and preferences of party followers"[38].

This methodological flaw has recently been addressed in the work of two leading formal theorists Laver and Shelspe (1999) [39]. In "How Parties Emerged From the Primeval Slime", they "sketch"[40] the outlines of a formal model based on their portfolio allocation approach that encompasses the effect of intra-party politics on the making and breaking of governments. Unfortunately, the gain made by including this assumption results in a significant increase in theoretical complexity. This point is acknowledged by the authors who say, "now things get really complicated"[41]. Therefore, it appears that this initial attempt by formal theorists to employ realistic assumptions may be a dubious exercise, as formal models cannot adequately handle the increase in variables.

The approach taken by Laver and Shelpse (1999) reflects the most dominant analytical framework within formal theory, the "Spatial Theory of Electoral Competition" (STEC)[42]. STEC conceptualises a two-dimensional policy space where each point shows a party's position on two issues. In this model each party's two dimensional policy points are plotted and then lines are drawn between each point, resulting in intersections that indicate areas of possible agreement[43]. The spaces within the lines are then analysed to uncover all potential winning coalitions. As Figure 2.1 shows, STEC results in a core that is an area as in (a), or a point as in (b). The party

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of Political Research , Vol. 31, No.1-2, Special Issue, p.188.

[38] Narud,1995, p.500.

[39] Laver, M., and Shelpse,K.A., (1999), "How Political Parties Emerged From the Primeval Slime: Party Cohesion, Party Discipline, and the Formation of Governments', in Bowler, S., Farrell, D.M., Katz, R.S., (eds), (1990), *Party Discipline and Parliamentary Government*, Ohio State University.

[40] Ibid., p.46.

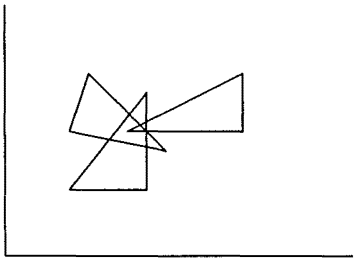
[41] Ibid., p.39.

[42] Sened, I.,(1996), "A Model of Coalition Formation: Theory and Evidence", *Journal of Politics* , Vol. 58, No. 2, p.352.

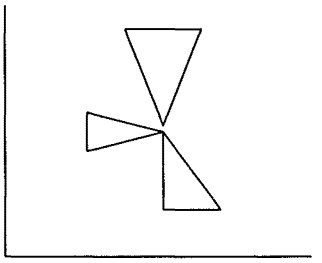
that occupies the core position is seen to be in an advantageous position and therefore able to move the policy of any coalition towards its own preferences[44].

Figure 2.1 Two Dimensional Spatial Representations of the Theory of the Core[45]

(a) Core is an area



(b) Core is a point



The dominance of STEC leads to another important concept within the formal literature, namely the core or pivotal player. This concept suggests particular parties have an advantageous position in the bargaining game because of: (a) a party's location in ideological/policy space, determined by the position it holds in relation to other parties in the party system; and (b), a party's size, measured in the number of legislative votes it controls in relation to the other parties.

One of the first theorists to employ this concept was de Swaan (1973) and his "pivotal player" idea[46]. He defines this actor as one who may swing the vote or hold the balance in a coalition situation, thereby controlling the negotiation "game"[47]. Subsequently, it seems every important theorist in this field employs the controlling

[43] Budge and Keman,1990, pp.20 - 21.
[44] Ibid.
[45] reproduced from Budge and Keman, 1990, p.20.
[46] de Swaan,1973, p.89.
[47] Ibid.

player concept. For example, Grofman (1982) calls it a "core party"[48], van Roozendaal (1992) a "dominant party"[49], Schofield (1993) a "strong party"[50], and Laver and Shepsle (1996) a "very strong party", or "strong party" or, "merely strong party"[51].

Overall, formal theorists can be divided into two groups: the primary theorists who founded this approach and the contemporary theorists who have extended formal theorising to its present level. Riker, Axelrod, and de Swaan are examples of primary formal theorists who have contributed to the understanding of government formation in multi-party systems. They took the "tool" developed by von Neumann and Morgenstern and applied it to the area of government formation. From this beginning, they identified some important variables such as the centrality of parties, their motivations and the nature of political pay-offs. Contemporary theorists such as van Roozendaal, Schofield, Laver and Shepsle, have extended game/mathematic modelling, and have confirmed one of the formal approaches' most powerful conclusions namely, "when only one policy dimension is important, the party controlling the median legislator on that dimension is effectively a policy dictator"[52].

In terms of satisfying the aims of formal theorists, the application of game/theoretic mathematical modelling has become a "major academic industry"[53], with the boundaries of the approach being continually tested and advanced. For example, Laver and Shepsle (1996, 1999) try to work around some of the limiting assumptions of formalistic approaches and make their ideas fit closer to the reality under study. However, as with many other formal works, these pieces are of more interest for those

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[48] Groffman, B.,(1982), "A Dynamic Model of Protocoalition Formation in Ideological N-Space" in *Behavioural Science*, Vol.27, pp.77-90.
[49] Van Roozendaal,1992
[50] Schofield, N.,(1993), "Political Competition and Multiparty Coalition Governments", *European Journal of Political Research*, Vol. 23, No. 1, pp. 1-33.
[51] Laver and Shepsle,1996
[52] Laver and Budge,1992, p.2.
[53] Ibid.

who wish to study formalistic technique rather than those who wish to understand the politics of government formation.

The narrow approach by formal theorists and their failure to produce isomorphisms between theory and reality, is reflected in the approach's failure to explain minority governments[54]. For example, theorists such as Riker, Axelrod and de Swaan impose a majority winning criterion in all their games[55]. Therefore, they cannot predict non-winning coalitions as rational outcomes, and non-winning coalitions are usually equated with minority cabinets[56]. This led to the belief that minority governments were the result of unstable political systems, and consequently they are treated as sub-optimal solutions within game theoretic/mathematical models[57]. Thus, formalistic theories find it difficult to explain any situation that is non-majoritarian.

Some formal theorists try and overcome this weakness by defining minority governments as *de facto* majority coalitions. For example, de Swaan's (1973) definition of a coalition includes most minority governments as, "when evidence is available as to the existence of a more or less permanent parliamentary majority coalition that supports this minority government, the analysis of such a coalition proceeds as in the normal case"[58].

Contemporary formal theorists in responding to this criticism have attempted to modify their theories and offer some explanations for minority governments. For example, Laver and Shepsle (1996) explain minority governments as occurring due to a combination of party strength[59] and the lack of an opposing co-ordinated majority[60].

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[54] Ibid.
[55] Laver and Budge,1992, p.4. and Strom,1990, p.37. and Herman and Pope,1973, p.191.
[56] Van Roozendaal,1992, p.18.
[57] Laver and Budge, ibid.
[58] de Swaan,1973, p.144.
[59] Strength is a combination of how many seats a party holds in the legislature and their policy position, see Laver and Shepsle,1996, pp.102 - 117 and p.203.
[60] Laver and Shepsle,1996, p.263.

Schofield's (1993) explanation rests on the occurrence of a strong or dominant party, in combination with a particular type of party system, i.e., "in unipolar systems...the large party generally dominates coalition politics, and often forms a minority government"[61]. Generally, despite these efforts the contribution of formal theorists to the understanding of minority government is limited. Their methodology largely precludes the inclusion of variables that are dynamic and difficult to quantify such as party cohesion or future electoral costs .

Another methodological weakness in formal theory is caused by the assumptions that must be made in order to translate reality into mathematical formula. For example, the basic assumption common to all game/mathematical modelling is that of rationality. Rationality presupposes that there is "an optimal correspondence between means and ends... where the 'actors identity' and goals are established and the rules of the interaction are precise and known to the interacting agents"[62]. Rationality assumes that politics is a complex yet predictable game. This is inconsistent with observable reality, as party goals and actions are not always clear and actors have to make decisions based on social psychological considerations and imperfect knowledge that lie beyond the scope of mathematical analyses. Therefore, an actor's decisions are not just "problems" to be settled by the straightforward application of rational behaviour principles[63].

Overall, formal theories fail to reflect the reality they hope to illuminate. The reasons for this are: (a) the inability to achieve an "isomorphism"[64] between the analyst's ascription of the empirical properties of a concept and the perception of those properties by actors in the real social contexts; and (b), the tendency to, "produce highly

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[61] Schofield,1993, p.2.
[62] Wood, S., and McLean, I.,(1995), "Recent Work in Game Theory and Coalition Theory", *Political Studies,* Vol. 43, No. 4, pp.704 - 705.
[63] Browne, and Dreijmanis, 1982, p.337.
[64] Ibid.

complex models of great internal rigour whose results are too closely tied to model-specific assumptions, and which significantly fail to account for what happens in the real world"[65].

Formal approaches have another serious limitation relating to the static nature of their theories, which assumes players have a fixed policy position throughout a negotiation. This is an unrealistic assumption as policy trade-offs occur and positions may change throughout the course of government formation negotiations. For example, parties that are future-oriented may be willing to forgo immediate pay-offs for long term gains[66]. Also, government negotiation is not a one-off game; it is part of a continually repeating process in which parties apply knowledge from past experiences to present situations and future actions.

Finally, a general criticism of this approach is derived from the organising schema of this thesis. Formal theories attempt to explain government formation within only one arena, the parliamentary arena. STEC may appear to be placed within the electoral arena, but the spatial representation of policy merely describes ideological constraints on and between parties when they enter into post-election bargaining. Overall, formal theorists find it problematic to expand their models to include variables from other arenas as it significantly increases the theories' complexity without necessarily improving their explanatory power.

In summary, the preceding synopsis of formal government formation literature has suggested a dichotomy between the seminal works of primary theorists and recent contemporary explanations. The primary works grappled with the question of motivation and the units of analysis. They aimed to increase the understanding of

[65] Wood and Mclean,1995, p.714.

government by using formalistic tools to explain a political phenomenon. However, the formal approach at some point departed from this path and now it appears government formation is a subject employed to extend game/mathematical theorising. Admittedly, this maybe a harsh criticism, but one which holds true for much of the current literature.

With regard to minority and other non-minimal winning government outcomes, formal theories are of limited explanatory value due to their methodological rigidity. However, they have advanced significantly since Riker and de Swaan and may in the future provide a more dynamic, multifaceted explanation. The theories of Schofield, and Laver and Shepsle support this suggestion. However, these theorists need to move beyond the pivotal importance placed on large/dominant parties and include dynamic elements which take into account multiple arenas and non-static time lines.

2.2 Comparative European Approach

The comparative European approach has a long history and seeks to bring a greater understanding into many areas of politics. Methodologically, it follows an inductive path that begins by abstracting general elements from the phenomenon under study and forming assumptions. These assumptions are phrased into hypotheses and then tested empirically to see how they correspond with reality. This approach has the following three broad aims[67]. First, to provide a general descriptive context for the subject under study; second, to improve classifications; and third, to aid prediction, as the knowledge provided by comparative analysis helps actors within politics make decisions. When all

[66] Thus, parties maybe perceived as acting "irrationally".

[67] Hague, R., Harrop, M., Breslin, S., (1994), *Comparative Government and Politics,* MacMillan Press, London, pp.23 - 25.

these aims have been attained an explanation of the phenomenon under study is possible.

It is in this approach that the five areas of focus are most clearly seen. For example, the unitary actor assumption undergoes considerable change which allows intra-party variables to be included in explanations. The value of policy space modelling is evaluated and placed in perspective. Furthermore, the dynamic relationship between formation arenas is highlighted, as is the importance of a non-static conceptualisation of time. And finally, the role of the Opposition is evaluated and recast to go beyond the classical belief that its sole aim is to replace the government.

2.2.1 Analysis, Criticism and Evaluation of Comparative Theories

One of the earliest comparative theorists to develop a comprehensive explanation for cabinet formation and durability was Lawrence Dodd (1979). His work sought to bridge the divide between game theorists and comparative theorists[68]. For example, Dodd writes, "the theory is not a rigorously deductive, mathematically verified system", and "relies on a modification of the general game-theoretic model presented by William Riker"[69]. Briefly, Dodd's thesis suggested that when parties show a high willingness to bargain in combination with information certainty, then winning coalitions will almost always form[70]. When there is a low willingness to bargain (because of polarisation, fractionalisation and instability) combined with information uncertainty, then under-

[68] Van Roozendaal,1992, pp.20-21.
[69] Dodd, L.,(1979), *Coalitions In Parliamentary Government*, Princetown University Press, UK, pp.19 and 34.
[70] Luebbert, G.M.,(1983), "Coalition Theory and Government Formation in Multiparty Democracies" *Comparative Politics*, January, p.238

sized or minority cabinets will form. However, when the willingness to bargain is high oversized cabinets will appear (see Table 2.1 below)[71].

Table 2.1 Dodd's Thesis on Government Formation Outcomes[72].

Party System	**Information Certainty**	**Willingness to Bargain**	**Predicted Outcome**
polarised fractionalised + unstable	uncertainty	+ low	= minority cabinet
depolarised factionalised + unstable	uncertainty	+ high	= oversized cabinet
depolarised defractionalised+ stable	certainty	+ high	= minimum winning

On the subject of non-majoritarian outcomes, Dodd believes minority governments result from unstable, factionalised and polarised party systems. This confirms his perception that any cabinet that is non-winning in terms of commanding a legislative majority is "deviant"[73]. Therefore, Dodd's theory is more complete than those of formal theorists as he suggests an explanation for minority situations. However in doing so, he believes minority cabinets are not normal or preferred outcomes. Rather symptoms of political instability and crisis[74].

Dodd's theory focuses on negotiation in the parliamentary arena, tempered by constraints from the party arena. Within these arenas he assumes that political parties

[71] This summary of Dodd's theory has been derived from Dodd, 1976, pp. 35-53 and from the Table complied by Roozendaal,1992,p.22.
[72] adapted from Roozendaal, p. 22.
[73] Dodd, 1976, p.161.

are homogeneous units despite acknowledging, "parliamentary parties are not homogeneous and monolithic entities, but are themselves coalitions of factions"[75]. His justification for this is to make "a reasonably realistic theory", and intra-party considerations can therefore be attempted later "after a simple framework has been constructed and tested"[76].

Another important contribution to the literature comes from Budge and Herman (1978). They criticise existing research for being unrealistic and concentrating too heavily on minimal winning coalitions, ideological diversity and size[77]. Budge and Herman sought to overcome this limitation by "modifying assumptions and criteria in order to incorporate the substantive considerations that politicians do consciously use when they form governments"[78]. Unfortunately, their four assumptions are so broad that they encompass every type of government formation. For example, assumption one is worded to include any size government, minority or surplus, by concentrating on legislative majorities in a vote of confidence. Overall, the theory's central variable is ideology, i.e., "we posit that where left/right ideological differences strongly affect issues, these will be of more importance than all other considerations in the formation of a government"[79].

From their assumptions Budge and Herman derive explanatory criteria that are then used to classify most government situations. These classifications rely heavily on left/right differences and majorities or near majorities. Conceptually, these left/right differences are tantamount to ideology, and the use of majorities or near majorities is

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[74] Strom, K.,1984, p.205.
[75] Dodd, p.34.
[76] Ibid.
[77] Budge, I., and Herman, V., (1978) "Coalitions and Government formation: An Empirically Relevant Theory", *British Journal of Political Science*, No.8, p.459.
[78] Ibid.
[79] Ibid., p.460.

another way of conceptualising size. Therefore, Budge and Herman fail conceptually to overcome the weaknesses they perceive in other coalition theories[80].

Organisationally, Herman and Budge focus on the parliamentary arena, tempered with constraints from the electoral arena. They are aware that ideological concerns affect bargaining positions, and this is reflected in the reliance on left/right differences to explain government formation. Overall, the theory focuses exclusively on the parliamentary arena and treats parties as homogeneous units. Because of this, the actions of actors and the decisions they make are not illuminated to a sufficient degree, undermining the explanatory value of this contribution to the literature.

The theoretical limitations of Dodd, Budge, Herman and others were addressed by a small group of comparative theorists who sought to overcome these deficiencies through the "case studies approach"[81]. These authors developed a descriptive case study, or country specific analysis that focused on individual political systems[82]. The three most cited works of this group are Browne and Dreijmanis (1982), Bogdanor (1983), and Pridham (1986)[83]. These studies broke new ground in the study of government formation by utilising more variables and identifying more causal relationships. While each study enriches the contextual understanding through description, the conceptual basis underlying the substantive treatments differs across these works[84].

Pridham is one of the approach's best examples, in that he calls for more than just a collection of country specific analyses. His criticisms are directed at formal

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[80] However, they do achieve a sound match with reality as, "the proportion fitted by the combined criteria is a remarkable .85", ibid., p.478.

[81] Browne, E.C. and Franklin, M.N., (1986) "Editors introduction: New Directions in Coalition Research", *Legislative Studies Quarterly* , Vol. 11, No.4, p.472.

[82] Laver and Budge, 1992, p.xx.

[83] Browne, and Dreijmanis; Bogdanor, V., (1983), *Coalition Government in Western Politics* , Heineman, London; Pridham, 1986.

[84] Browne, and Franklin, 1986, pp.472-473.

theorists for unrealistic assumptions, and at comparative theorists for failing to grasp the complexity of the phenomenon under study. He believes that in order to gain a proper understanding of coalition behaviour an inductive theory is needed that offers substantially more scope:

> To mention only some [of] the very dynamics of coalition relations, as a continuous process...the dynamics of internal relationships within individual parties, such as the changing positions of leaders and changing balance between factions; and, generally, the dynamics of party development, notably the rising and declining fortunes of parties within party systems and changes in their constituencies[85].

Pridham's work marks an important juncture in government formation literature as it goes beyond the constraining outlook of earlier comparative theorists. He suggests that a party's internal structure and divisions, together with historical constraints and future considerations, play an important part in government formation. Furthermore, he expands the number of arenas in which government formation takes place, arguing that both the electoral arena and international arena can affect government formation outcomes.

Luebbert, (1983,1984,1986) is another comparative theorist who seeks to address weaknesses in government formation research. He asserts that both game theory and comparative theory are limited in their explanatory power by the use of parsimonious models and abstract assumptions[86]. Unlike Pridham, Luebbert proposes a typological-rational approach dominated by system characteristics. His typology is built on two key variables, regime legitimacy and the role of the Opposition[87].

The regime legitimacy variable distinguishes between regimes with established legitimacy and those without and is based on whether the party system includes an anti-democratic party. The role of the Opposition is divided into those systems where

[85] Pridham, p.5.
[86] Roozendaal,p.23.

parties play a classical role (to bring down government), and those where the Opposition role is tempered by efforts to participate in policy-making. The bargaining relationships within coalition negotiations are classified as either tangental, convergent or divergent. For example, in consensual democracies Luebbert assumes negotiations will be characterised by convergent or tangental preferences, while in conflictual democracies by divergent preferences[88].

A difficulty with Luebbert's approach is "the rather vague definition of most of the key concepts, and in particular his rather ad hoc classification of polities"[89]. Nevertheless, his theory has made a distinctive and important contribution to the study of government formation because of its emphasis on intra-party politics, a heavily under-utilised focus elsewhere in the literature[90]. Luebbert argues that intra-party constraints determine what policies and office party leaders will pursue. He also argues that leaders are primarily concerned with maintaining their position, increasing party support and maximising party cohesion[91].

Lubbert's view on bargaining as constrained by intra-party considerations has a major impact on the type of government he predicts will form. Minority governments are explained as occurring primarily in consensual democracies, such as Norway, Sweden and Denmark. These countries are characterised by what Luebbert believes is a high degree of "corporatism and an unpolarised party system"[92]. Corporatism allows the Opposition to influence government policy and this can increase the probability of

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[87] Ibid.
[88] Roozendaal, p.24.
[89] Laver and Schofield, 1991, p.109.
[90] Ibid, p.29.
[91] Luebbert,1984, pp.237-238.
[92] Ibid, p.243 and p.261.

minority government, as parties do not need to attain office in order to satisfy policy goals[93].

Luebbert's work responds to some of Pridham's criticisms about the narrowness of comparative approaches. He clearly believes that intra-party concerns are central to any understanding of government formation, and that the standard unitary actor assumption is a conceptual weakness. Additionally, the manner in which he discusses the role of the Opposition (i.e., classical or non-classical) does illuminate the possibility that calling all non-governmental parties "the Opposition" is overly simplistic.

A more recent attempt to explain government formation is suggested by Budge and Keman (1990) in *Parties and Democracy*[94]. This book develops and extends an earlier article by Budge and Keman (1978) and proposes an integrated theory of democratic party government in parliamentary systems. The authors take an holistic approach and try to explain democratic government by analysing the outcomes of succeeding elections, tracing the interaction of party goals, government formation, policy outputs and government duration.

Budge and Keman's expansive approach reflects a dynamic conceptualisation of time and an acceptance that government formation takes place in multiple and interlocking arenas. This is done in order to redress "an odd aspect of current theory that...concentrates attention on the formation of the current government, ignoring the possibility that politicians may have somewhat longer time-perspective's extending at least as far as the next government..."[95]. This conceptualisation of time finds its clearest expression in the major implications of the general assumptions number 6.1 which

[93] Corporatism is defined as the pattern of co-operation between interest groups and the executive of the central government in the formulation, implementation and administration of public policy, refer Laver and Schofield, p.77.
[94] Budge, I.,and Keman, H., (1990) *Parties and Democracy*, Oxford University Press, USA.
[95] Ibid., p.60.

states that a party will lose future electoral support if it fails to "carry through its declared policies in government"[96].

This assumption presumably covers both majority and minority governments and asserts that parties in government have future constraints based on their bargaining positions. However, despite Budge and Keman's holistic approach they do not employ this assumption widely enough. They apply it to situations with already established governments, suggesting that an administration considers future policy costs. It is not applied to the period after an election before a government is formed. This is a period where parties are aware of the possible policy trade-offs each must make if they wish to achieve parliamentary office.

Another important theoretical development in *Parties and Democracy* is the acceptance that parties are not unified actors. This assumption is justified as the authors believe, "within parties, and subject to overall policy agreements and disciplinary and procedural constraints, factions seek to transform their own policy preferences into government policy"[97]. This departure from the unified actor assumption addresses some of Luebbert's and Pridham's criticisms, and reflects Budge and Keman's aim to incorporate "a view of parties as significant, if not the most significant actors within parliamentary democracies"[98].

Parties and Democracy also offers a more complete explanation of minority government, although it does not directly answer the question of why minority governments form. Policy considerations are used to explain why parties outside government may tolerate those in office, i.e., as policy motivated entities they prefer to support a minority government that "offers a better chance of the party's policies being

[96] Ibid., p.50.
[97] Ibid., p.34.
[98] Ibid., p.189.

put into effect than any of the other likely alternatives"[99]. This explanation does not extend to answering why a policy motivated entity might prefer to stay outside of government. However, Budge and Keman's earlier explanation that minority government results from disorganised and factionalised Oppositions does not appear in this work. Presumably, the Opposition parties' concerns with policy explain the fractionalisation and subsequent disorganisation.

Overall, Budge and Keman do not extend the literature on government formation to a significant degree. To attain a high level of predictive accuracy they over-generalise and make their theory contingent on a variety of situational variables[100]. For example, many predictions rely on loosely defined concepts like "normal parties of government"[101], and levels of "viable majorities"[102]. However, while not offering many new insights, Budge and Keman's work does draw the focus back towards parties, and supplements (rather than extends) the existing literature.

A more significant work in the field of government formation is a comprehensive cross-national study edited by Laver and Budge (1992), *Party Policy and Government Coalitions*. This study focuses on the connection between the party and parliamentary arenas and seeks to explore how the electoral programs of political parties relate to the policies of coalition governments. The editors assume that there must be some connection between the policies parties promote at election time and subsequent government policies, for "if government policy does not respond to the policies of elected government members...then the purpose of having elections is obscure"[103].

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[99] Ibid., p.49.
[100] Ibid., pp.74-87.
[101] Ibid., see Table 2.3 p.44.
[102] Ibid., p.40 and p.198.
[103] Laver and Budge, 1992, p.409.

Party Policy and Government Coalitions tests ten policy-based models for their predictive ability and level of "efficiency"[104]. The theories range from defining policy space uni-dimensionally, to policy spaces operationalised in twenty dimensions. The results led Laver and Budge to conclude, "as often as not, a simple policy-space based on the left/right dimension is the best indicator, suggesting that policy has a relatively simple impact on coalition bargaining"[105]. These findings are important for the future direction of research as they highlight how influential policy is to coalition bargaining. Conversely, they also reduce its previously assumed explanatory value. This leads to the conclusion that future theorists need to be aware that policy based spatial modelling is a useful tool, but not necessarily a complete answer. Theory, therefore, must look in other directions to increase our understanding of government formation and go beyond those variables which reveal commonality between actors, to those which reveal the constraints on (and within) negotiating entities.

A subsequent article by Strom, Laver and Budge (1994) looks at constraints on coalition bargaining, as it is a "previously neglected topic in the study of parliamentary governments"[106]. The primary focus of the article is on institutional constraints, with a lesser emphasis on intra and inter-party constraints. Institutional constraints are situations where constitutional rules may preclude some governments from forming because of language or investiture requirements (such as Belgium and Israel)[107]. Intra-party constraints include such variables as constraints on leaders generated by having to consider the security of their position and the cohesion of their party.

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[104] Ibid., p.415.
[105] Ibid., p.429.
[106] Strom, K., Budge, I., Laver, M., (1994) "Constraints on Cabinet Formation in Parliamentary Democracies', *American Journal of Political Science,* Vol.38, No.2, May, p.331.
[107] Ibid., pp. 320-321.

In relation to the three arenas framework, this article reinforces its relevance in a number of ways. First, the areas of constraints are categorised as occurring within parliament, electoral systems and within/between parties[108]. This fits closely with the three arenas organising principle of this thesis. Second, the article defines constraints based on a time frame and implies that actors are restricted in making decisions because of long-term ramifications. The conclusion the authors reach is that all bargaining constraints are critical for theories. Thus, the article is important within government formation literature for three reasons: first, it answers some of the criticisms of Pridham *et al*; second, it develops the approach of Luebbert by focusing on intra-party variables; and finally, it confirms the assumption that parties are not unified actors.

Rommetvedt (1994) and Moar (1995)[109], reflect this new direction in government formation literature. Rommetvedt's article looks at five post-war Norwegian coalition governments and focuses on the inter-party and intra-party variables to furnish a more in-depth account on coalition relationships[110]. His research shows that intra-party constraints on government formation are pivotal:

> The coalition leaders' task is two sided. In order to ensure the coalition's ability to govern, the coalition parties have to co-ordinate decision making and action. At the same time, they try to influence coalition policies in accordance with their own peculiar preferences. The coalition partners are also concerned with the preservation of party profiles in order to attract voters. In short the coalition leaders and parties have to manage unity and difference at the same time[111].

The central question Moar seeks to answer is what impact intra-party conflicts have on coalition bargaining and the government formation process. Moar presents a model which defines intra-party constraints as resulting from "intra-elite as well as elite

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[108] Ibid., p.321.

[109] Rommetvedt, H., (1994), "Norwegian Coalition Governments and the Management of Party Relations", *Scandinavian Political Studies*, Vol.17, No.3, pp.239-258. Moar, M.,(1995), "Intra-party determinants of coalition bargaining" , *Journal of Theoretical Politics*. Vol. 7, No.1, pp.65-91.

[110] Rommetvedt, p.242.

follower conflict"[112]. This in turn affects bargaining power by undermining stability, cohesion and a party's resources[113]. He tests his model through a comparative analysis of Denmark, Norway, Italy, France and the UK, and finds that intra-party constraints on government formation were of central importance to the outcome of negotiations.

Narud is another author who looks at intra-party variables. In his article "Electoral Competition and Coalition Bargaining in Multiparty Systems"[114], he focuses on the inter-relationship between the electoral arena and the parliamentary arena and poses two questions. To what extent do the parties' electoral strategies constrain their coalition potential? And what is the effect of elite strategy on voter attitudes and preferences?[115]. Narud argues that government formation theorists have "tended to assume a bargaining environment more or less free from constraints, such as the functional differences of factions within the party or the interests and preferences of party followers"[116]. Parties are faced with a dilemma between making strong policy stands to maximise votes in the electoral arena, and compromising on policy to facilitate the optimal bargaining strategy in a government formation situation (e.g., in the parliamentary arena).

To solve this dilemma Narud believes parties must find an acceptable balance between their policy positions in the legislative arena *vis-à-vis* the electoral arena[117]. For example, in the 1993 Norwegian general election the Conservative Party's coalition strategy was incompatible with its electoral strategy as it had to differentiate itself from

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[111] Ibid., p.256.
[112] Moar, p.68.
[113] Moar, pp.69.-70
[114] Narud, H.M., (1996), "Electoral Competition and Coalition Bargaining in Multiparty Systems", *Journal of Theoretical Politics*, Vol. 8, No.4, pp. 499-525.
[115] Ibid., p.499.
[116] Ibid., p.500.
[117] Ibid., p.505.

the Progress Party which held very similar positions on several issue dimensions[118]. This led the Conservatives to reject a coalition with the Progress Party, as they perceived future problems in maintaining a separate identity with potential voters[119].

Consistent with Narud a recent article by Volcansek (1999)[120] believes that the correlation between policy promises and government policies has received little attention in the literature. She addresses this by "looking at how coalitions and their contours affect actual legislation", and uses coalition formation in Italy between 1983-94 as a case study. Volcansek's findings indicate that maintaining credibility for parties is a key factor in coalition behaviour and that surplus majority cabinets are "often critical to maintain cabinet and policy credibility"[121]. Volcansek, like Narud, identifies the major problem for parties in multiparty systems as; vote maximisation in the electoral arena constrains their ability to negotiate in the parliamentary arena.

The acknowledgement that political parties are not unitary actors seems to have gained a following within the most recent literature, as reflected in Mitchell's (1999) article "Coalition Discipline, Enforcement Mechanisms, and Intra-Party Politics"[122]. This work approaches government formation from two levels. The first looks at inter-party bargaining and the second looks at how parties are constrained by the nature of inter-party politics. Mitchell believes that "obviously, the monolithic actor assumption is a stylisation, and in practice, parties sometimes split, backbenchers rebel, and some resign or are even expelled"[123]. This leads her to the conclusion that "intra-party politics play a greater role during the life of a government than assumed by traditional

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[118] Ibid., p.518.
[119] Ibid.
[120] Volcansek, M.L., (1999), "Coalition Composition and Legislative Outcomes in Italy", *West European Politics*, vol.22, No.1, January, pp.95-114.
[121] Ibid.
[122] Mitchell, P., (1999), "Coalition Discipline, Enforcement Mechanisms, and Intraparty Politics", in Bowler, S., Farrell, D.M., and Katz, R.S., (eds) (1999), *Party Discipline and Parliamentary Government* ,Ohio State University Press, Columbus.

coalition theories [and] a delicate trade-off has to be struck between negotiations among and within parties"[124].

Narud, Mitchell and Volcansek go beyond the established focus on policy space modelling and reflect the current status of comparative government formation literature. In line with Pridham and Luebbert, they assume that political parties are not unitary actors and that parties are the most important group to consider when looking at government formation. Furthermore, they reinforce the position taken in this thesis that parties are active in all three arenas, and that an action in one arena has ramifications for the other two.

In summary, government formation theory has gone through a series of phases and has reached a number of conclusions. One of the literature's first conclusions was that office, and not policy, primarily motivates parties. This reasoning makes it very difficult to explain any government outcomes that deviate from the minimal winning criterion. It was also one of the reasons why minority and surplus majority governments have been ignored or deemed "deviant" cases. This theoretical limitation leads onto the next accepted maxim which assumes that parties with the greatest degree of policy overlap or compatibility, will form government (i.e., policy-based spatial modelling). Inherent in this approach was a concentration on the legislative size of a party and its ideological positioning, which in turn leads to parties being categorised as pivotal or dominant.

Theories that employ this type of reasoning are still dominant in both comparative and formal approaches because of their predictive power. However, Laver and Budge (1992) tested ten policy-based spatial modelling theories and found that

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[123] Ibid., p.277.

policy could not sustain the weight placed on it by theorists. This is not to say policy distance is unimportant in the study of government formation. Laver and Budge's study shows that policy is still a powerful tool in understanding this phenomenon, but that other variables are important as well. For example, policy spaced modelling does not explain why certain parties go into coalition, but rather indicates which parties can and cannot enter into coalition with each other.

Another enduring assumption among theorists was the unitary actor status of political parties. This assumption precludes considering intra-party affects on government formation, and came under criticism from Bogdanor (1983), Browne and Dreijmanis (1982), Luebbert (1984) and Pridham (1986). Luebbert (1984) was one of the first to assume political parties were not unitary actors by placing intra-party variables at the very centre of his theory. Laver and Schofield (1991) confirmed the acceptance of this new direction within government formation literature by saying, "there is no doubt...that some consideration of the impact of politics within parties will be one of the directions in which the study of coalitions will develop in the years to come"[125].

This prediction about the importance of intra-party effects on government formation was well grounded and is reflected in the present literature. For example, Strom, Laver and Budge (1994) look at real world constraints which includes intra-party considerations. Rommetvedt (1994) also focuses on inter-party and intra-party variables. Finally, Narud (1996) and Mitchell (1999) take intra-party considerations one step further and suggest the interaction between party leaders, backbenchers and grassroots followers is essential to understanding any government formation situation.

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[124] Ibid., p.283.
[125] Laver and Schofield, 1991, p.35.

Overall, the literature focuses too heavily on the parliamentary arena as theorists have "homed in on the moment of coalition formation"[126]. However, examples from the most recent literature indicate that other arenas are gaining more attention, both individually and in conjunction with each other. Narud (1996) and Volcansek (1999) provide a good example of this new direction by analysing interactions between the electoral and parliamentary arenas and seeing how one can constrain the other.

Lastly, and closely associated with the multiple arenas conceptualisation, is the treatment of time within the latest government formation literature. This review highlights the time dimension and its importance by suggesting that an action in one arena has ramifications for another, both immediately and at a later date. For example, Rommetvedt (1994) believes parties have to make decisions keeping in mind party profiles and how to attract voters. Thus, government formation is not a continually repeating one-off situation, but a situation that takes into consideration what has gone before and what will happen after.

The above discussion has highlighted some of the present and past trends within comparative government formation literature. With regard to minority governments the literature has developed considerably. Early theorists assumed parties were first and foremost office-centred and therefore could not provide any explanation for minority government formation. This lead directly to the mis-categorisation by Dodd (et al) that they were "deviant" or abnormal outcomes. However, once theorists assumed parties were policy motivated it became possible to explain minority governments as normal or preferred outcomes. For example, Budge and Herman (1978) were among the first to do this, although their initial explanation was weak.

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[126] Laver and Schofield, 1990, p.17.

Overall, comparative government literature provides a better explanation of general and minority government formation. By expanding the focus of theories to cover more arenas and by looking at intra-party constraints on bargaining, a more comprehensive understanding of all government formation situations has been attained. The following section focuses on minority government formation by analysing those theories which directly address the question of non-majoritarian governments.

2.3 Minority Explanations

As the previous sections have shown, minority governments are of secondary importance within general government formation literature. Additionally, theories that focus on providing explanations for minority governments are few, both in the formal and comparative approaches. Strom, one of the leading researchers in this field, notes "there is no rich literature on minority governments *per se*"[127], citing the most important work (before his own) as Herman and Pope's (1973) "Minority Governments in Western Democracies"[128]. This lack of research has created a gap within government formation literature, as minority governments are common in liberal democratic systems (accounting for approximately one third of all governments[129]). The following section looks specifically at minority government literature and focus on what variables theorists believe are important in explaining this type of non-majoritarian outcome.

[127] Strom, 1990, p.9
[128] Herman, and Pope, 1973, pp.191-212
[129] Strom, Ibid.

2.3.1 Analysis, Critique and Evaluation of Minority Government Formation Theories

One of the first theories to directly approach the question of minority government formation is Herman and Pope's (1973) "Minority Governments in Western Democracies". This article follows a comparative approach by building a descriptive theory aimed at explaining those situations in which majority governments do not form. Their explanation rests on five "reasons" and two "additional factors"[130]. The five reasons largely fail to explain why minority governments form, but do highlight five situations in which they may occur.

The first reason states that minority outcomes occur because "coalitions are not the normal or accepted form of government [and] a one party minority government is preferred by all the parties and the electorate to a multi-party majority government"[131]. This logic suggests parties form minority governments because they want to, but Herman and Pope's explanation is inadequate as no attempt is made to explain why all parties and the electorate may prefer a minority government. The second reason for non-majority governments is attributed to structural features which prevent an outright majority from being formed, such as fringe anti-system parties that are not able or wanted in government. Reasons three and four describe "caretaker" situations, or situations where a coalition collapses or is being reconstituted[132]. Finally, reason five argues that non-majoritarian governments form where a single party has a near majority.

The first four reasons Herman and Pope suggest, have limited explanatory power due to a lack of further qualification and detailed analysis. However, later in the article they do develop reason five, which models a causal relationship between party

[130] Herman and Pope, 1973, p.195.
[131] Ibid.
[132] Ibid., p.196.

size and government. Their findings suggest that if a coalition or a single party controls a near majority "located within the range 45-49 per cent", then that party is able to take office, and can expect to receive support from within the legislature from other parties and independents[133]. Unfortunately, the reasons why a party decides to support a minority government is only dealt with briefly, but does intimate that the authors are thinking in terms of multiple arenas and non-static time frames. For example, they believe parties will support a government for ideological reasons and the need to appear responsible. This implies parties are concerned with policy in the legislative arena, and the need to appear responsible implies future orientated thinking in the electoral arena.

More than a decade elapsed between Herman and Pope's article and the next important work on minority government by Strom (1984). He focuses on minority governments in an article "Minority Governments in Parliamentary Democracies"[134], which he developed later into a book (1990) *Minority Government and Majority Rule*[135]. He follows a comparative approach and employs a rational choice framework that relates minority government formation to "rational actions by the political parties involved"[136]. In both these works Strom set out to challenge the conventional explanations of minority government [137].

His thesis employs two variables: (a) future incumbency costs; and (b), policy influence potential. Depending on the degree of parliamentary power centralisation, political parties will not choose to form or be involved in government if there are future electoral costs incurred by holding power. This cost is then balanced against the perceived degree of policy influence Opposition parties can expect to receive from

[133] Ibid., pp.203-204.
[134] Strom, 1984, pp. 199-227.
[135] Strom, K., (1990), *Minority Government and Majority Rule*, Cambridge University press, U.K.
[136] Ibid., p.16
[137] refer preceding sections.

within or outside of government. Strom's argument suggests that the more policy influence a party has outside government, the less incentives it has in holding power:

> Minority governments form when the benefits of office holding are outweighed by the costs for a majority segment of the party system. The costs of governing can be counted in votes [and] government incumbency tends to result in subsequent electoral losses...with these costs in mind, potential government parties may forgo the immediate gratification of holding office if doing so promises future benefits[138].

The assumptions Strom makes both follow and depart from earlier theorists. The most important departure is that majority status is not necessarily the effective decision point in parliamentary legislatures, and legislative and executive coalitions need not coincide[139]. This assumption allows Strom to challenge the importance of the size principle (so important to game theorists) which states that only a winning majoritarian government is able to command a legislative majority and therefore pass legislation.

Similarly, consistent with other government formation theorists, Strom adopts the unitary actor assumption. He believes that there are "strong bargaining and electoral incentives for parties to act cohesively, and the act of government formation is one area where the need for party unity is particularly pressing and dissent severely punished", and "it is therefore not far-fetched to treat the party as if it were an individual"[140]. However, he weakens this assumption by discussing party leaders as a separate group and suggesting that they have a significant impact on formation negotiations. He does not discuss the possibility that leaders may be constrained by their own caucus/s, or indeed by the need to satisfy particular factions within their party.

Strom's policy influence variable draws heavily on Luebbert's work. Luebbert conceptualised the Opposition as either classical (trying to defeat the government), or

[138] Ibid., p.69.

non-classical (trying to influence policy)[141]. Strom follows this reasoning by assuming "one need not hold office in order to gain policy influence"[142]. Additionally, Strom assumes that if there are institutional mechanisms for Opposition parties to influence policy (such as a decentralised government and a strong committee system), then the benefits of participating in government are devalued[143].

Another conceptual link between Strom and recent comparative government formation theorists is a dynamic treatment of time in his two central variables. For example, "future incumbency costs" involves an evaluation of "short and long term considerations"[144]. Strom goes even further and puts a limit on how far ahead parties and party leaders think, saying that "in practical terms, they [parties and leaders] are unlikely to look more than one electoral period ahead"[145]. He qualifies this by saying elections are unpredictable over the long term and party leaders have limited professional lives[146].

Strom's theory focuses on the party acting under constraints within the parliamentary and the electoral arena. He states, "voters must be presented with clear governmental options prior to the election [as] the electorate must have some way to sort out possible coalition configurations among the set of competing parties"[147]. By ascertaining the costs of holding office, parties have already made some commitments which constrain subsequent negotiations. Therefore, Strom believes parties make a

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[139] Ibid., p.38
[140] Ibid., pp. 28-29
[141] see earlier section
[142] Ibid., p.38
[143] Luebbert deals with this idea in the party system arena, describing those systems where the opposition has policy influence as consensual (like Norway) and those where the opposition parties have very little influence as in competitive or conflictual systems (like Canada and Britain).
[144] Strom, 1990, p.38.
[145] Ibid., p.51.
[146] Ibid.
[147] Ibid., p.47.

cost/benefit analysis, constrained by the outcomes in one arena and the possible outcomes in another.

Overall Strom finds a reasonable correlation between his theory and reality. His logistic regression model predicts between 69.2% and 64.4% of all outcomes[148]. More specifically, Strom's model has a poor predictive ability in relation to those countries with the highest incidence of minority government. For example, his model only correctly predicts government formation outcomes 53% of the time in Sweden[149]. Despite this modest predictive power and the unitary actor assumption, Strom's approach is important as it is one of the most comprehensive theories to attempt an investigation of minority government formation. Also, Strom's research has considerable heuristic value because he identifies variables such as future incumbency costs and the policy influence levels of Opposition parties.

Another theorist who concentrates on institutions is Bergman (1993) in "Formation rules and Minority Governments". Eschewing a comprehensive theory, the article focuses on the link created between legislative rules and government formation. Two types of government formation rules are proposed; positive and negative. Bergman attempts to show that minority governments are more frequent in the countries with "negative rules"[150]. Parliamentary systems have positive rules if they stipulate that a candidate or proposed government must pass an investiture vote and win by either an absolute or relative majority[151]. The underlying principle is that a government should be supported by parliament. In systems with negative rules, a government does not have to pass an investiture vote and can take and hold power until it loses a vote of

[148] Ibid., p.83.
[149] Ibid., p.88
[150] Bergman, T.,(1993) "Formation rules and minority governments", *European Journal of Political Research,* Vol. 23, p.55
[151] Ibid., p.56

confidence. The underlying principle here is that a government must only be tolerated by parliament[152].

Bergman found a high correlation for his hypothesis in proportional systems with positive rules as only 25% of governments formed between 1945 and 1987 were minority status[153]. However, in systems with negative rules 75% of all governments formed were of minority status[154]. These results lead Bergman to conclude "that a negatively formulated government formation rule facilitates minority government"[155]. The high correlation between Bergman's hypothesis and findings are impressive, but their value in explaining minority government formation is low. Constitutional formation rules do not encourage any particular type of government to form; they are merely another constraint on bargaining within the parliamentary arena. Bergman is aware of this point, and puts his research into perspective by saying, "...the different rules must be linked to the goals of political parties...even if rules help facilitate certain outcomes, in the end the government that is formed is a matter of choice"[156].

A more recent attempt to explain minority government formation follows a game theoretic approach. Crombez (1996) in "Minority Governments, Minimal Winning Coalitions and Surplus Majorities in Parliamentary Systems" suggests a formal model to explain the emergence of minority governments. He focuses on size and ideological placement and believes "that as the largest party becomes larger and more central, the government changes from a surplus majority to a minimal winning coalition and from a minimal winning coalition to a minority government"[157].

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[152] Ibid., p.57
[153] Ibid., p.61.
[154] Ibid.
[155] Ibid.
[156] Ibid.
[157] Crombez, C.,(1996), "Minority Governments, minimal winning coalitions and surplus majorities in parliamentary systems", *European Journal of Political Research*, No.29, p 1.

The assumptions Crombez makes are both realistic yet simplistic. For example, he makes the realistic assumption that "when the largest party is large and centrally located, it has a good bargaining position"[158]. However, later he assumes that the negotiating environment is zero-sum. That is, if the largest party is centrally located and large thereby resulting in a good position, "other parties then have a bad bargaining position"[159]. This assumption tends to ignore the left/right ideological placement of parties or the occurrence of small centrist parties that can control the balance of power. Also, this model assumes three parties in a unicameral legislature, where no party has an outright majority and where they can all go into coalition with each other.

Crombez's findings indicate "strong and consistent" support for his hypothesis, and also indicate that fractionalisation "significantly enhances the formation of minority governments"[160]. These findings initially seem impressive. However, his empirical analysis measures the importance of party size and ideological position, not whether government formation shifts from surplus majorities, to minimal winning coalitions, to minority governments. The study therefore, does little to further our understanding of minority government other than to confirm what other theorists have already discovered namely, that party size and ideological placement are important variables in government formation.

In summary, the brevity of this section reflects the lack of interest minority governments have attracted from both comparative and formal theorists. Of the few theorists reviewed here it is possible to see certain similarities in reasoning and focus.

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[158] Ibid.
[159] Ibid., p.2.
[160] Ibid., p.13.

For example, Herman, Pope, Strom and Crombez[161] all adopt the unitary actor assumption, a factor that has been dominant for a long time in general theories of government formation. Additionally, Crombez's other assumptions of rationality and a zero-sum bargaining environment reveal that game theorists still seem more concerned with methodological issues than with the phenomenon under study.

Another commonality concerns the notion of size. For example, Herman and Pope suggest that a near majority of 45-49% is enough to form a viable government. Strom follows this logic by assuming that a party or coalition does not need a legislative majority to gain executive power. This rationale effectively lowers the critical threshold for a party or parties to attain when forming a government. More importantly, the lower threshold effectively means an explanation of minority situations is moving away from those actors holding office to those opposing and supporting a minority administration. This shift in focus indicates that the Opposition label used to describe all non-government parties within most of the literature is conceptually inadequate. Further support for questioning the Opposition label comes from Strom's assertion that a party does not need to be in power to gain some policy pay-off, thereby explaining why some parties support a minority government. If this belief is combined with Herman and Pope's idea that ideology is a motivating factor for party support, then another assumption is possible. This assumption suggests a party will provide legislative support if it has some ideological overlap with a minority government and can thereby achieve some policy pay-offs.

Strom extends the analysis further by arguing that a party also takes into account the future costs of office. This assumption has compelling logic and adds another dimension to the accepted bargaining constraints many government formation theorists

[161] Although Crombez does not state that he assumes political parties are unitary actors, his methodology

perceive exist. For example, a party will not participate in government if it believes it will negatively affect its future electoral chances. Additionally, "future costs" implies a dynamic treatment of time and is central to bargaining considerations. Indeed, this one consideration challenges those theorists who model government formation as a continually repeating one-off game.

Strom's dynamic treatment of time also brings into consideration the reality that minority government formation (indeed all government formation) takes place within multiple arenas, namely, the electoral, internal party and parliamentary arenas. Over time these ideas may become accepted by theorists just as policy and office assumptions are now. Clearly, they affect the rationality and formulation of any theory. Therefore in summary, minority government formation reflects some of the advances made within general government formation literature, with the important exception of the unitary actor assumption and the associated intra-party constraints on negotiation.

2.4 Conclusion

This literature review has focused on two main areas, government formation theories and minority government theories. It aimed to ascertain which elements are important in both bodies of literature and those which are important to the understanding of minority situations. Conceptually, both areas require separate but co-ordinated analysis, as minority governments are a specific type of outcome within the larger number of government formation situations. To concentrate on one without consideration of the other results in an inadequate understanding of both.

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model and reasoning all indicates that he does.

A significant section of government formation literature has been written by formal theorists. The primary theorists applied van Neumann's and Morgenstern's mathematical and economic methodology to government formation. This resulted in some important theoretical insights, such as the centrality of parties, the nature of political pay-offs and the motivation of actors. The contemporary group of formal theorists have had a lesser impact in the field of government formation. They have become preoccupied by overly complicated methodology, unrealistic assumptions, and aims to reveal formalistic technique instead of explaining the subject under study.

As indicated earlier, comparative methodology provides a better explanation of both general government formation and minority government formation. The main reason for this is that comparative methodology is not constrained by formalistic mathematical technique, which allows it to focus on multiple variables and arenas in furnishing explanations. This makes the approach more flexible and increases its ability to more accurately reflect reality.

As a result of this chapter's analysis of existing literature, five areas or foci have emerged as the most important factors in the analysis of government formation in general and minority government in particular. These are: (1) unitary actor and intra-party considerations; (2) policy space modelling; (3) formation arenas; (4) conceptions of the Opposition; and (5) conceptions of time.

(1) Unitary Actor and Intra Party Considerations.

Pridham (1986) and Luebbert (1986) were among the first to question the unitary actor assumption. Both believed that the internal relationships in a party were of pivotal importance. Subsequently, more recent theorists have adopted the assumption that

parties are not unitary actors and that intra-party variables are central to any explanation of government formation. The five most recent articles confirm this[162].

(2) Policy Space Modelling

Policy-based modelling in the comparative approach has many similarities to STEC in the formal approach. They are in essence the same concept studied by different methodologies. However, the value of policy-based modelling was undermined in a comprehensive study by Laver and Budge (1992). They came to the conclusion that policy had a reasonably clear but limited impact on bargaining. The reasons for these findings reflect that parties position themselves before an election to maximise votes from their target group. Furthermore, when governments are negotiated into office, a party's policy position cannot be static; it needs to change after an election to facilitate inclusion in a coalition, or to assure a legislative majority in order to form a minority government.

(3) Formation Arenas

The most commonly researched aspect of government formation literature is within the parliamentary arena. Formal theorists concentrate almost exclusively on this arena as their methodology models a game that takes place after an election, where the size and position of the parties are static and there are no assumed future constraints on bargaining. Comparative theorists also focus heavily on this arena as this is the location

[162] Strom, Budge, Laver (1994), Rommetvedt (1994), Moar (1995), Narud (1996), Mitchell, (1999)

where governments are formed. Consequently, many believe it is the most critical arena.

The conclusion that can be drawn from the literature is that all arenas affect each other in a symbiotic relationship. Consequently, a better understanding of the phenomenon of government formation requires that all arenas be taken into account. This is a complex task and can result in a virtual tautology when attempting to identify the beginning of certain trends or the origin of constraints. However, despite the difficulties of the task, it should be attempted for its heuristic value alone.

(4) Conceptions of the Opposition

The notion of the Opposition has only been superficially conceptualised in the literature. Few theorists have questioned the standard conceptualisation which stipulates that non-governmental parties are automatically members of the Opposition. Two exceptions to this are Luebbert and Strom. Luebbert categorises the Opposition as either classical or non-classical, while Strom incorporates the Opposition in his theory on minority government formation by differentiating between those parties which support and those which attempt to bring down the government. This conceptualisation requires further development and clarification in the literature.

(5) Conceptions of Time

Closely associated with interacting arenas is the concept of time. Theories by Pridham (1986) and Strom (1990) confirm the dynamic nature of this dimension by using the variables of future constraint and past experiences to explain government formation.

Budge and Keman (1990) considered time in relation to government formation after identifying what they believe is an odd aspect of current theory that ignores the possibility "that politicians may have somewhat longer time perspective's"[163].

The most recent theories conceptualise time as a dynamic concept in government formation. Both Rommetvedt (1994) and Narud (1996) discuss decision making as taking place under past and future considerations. By doing so they reflect the present position of the literature on this subject and make theorising more realistic. In order to conceptualise the phenomenon under study, environmental factors such as time must be taken into account as they have an important effect on government formation.

Overall, the explanation of government formation draws on diverse variables and focuses on multiple areas. Minority government formation has not been approached with similar rigour with the result that there is a lack of understanding in this particular type of outcome. However, by applying the areas of focus identified from general government formation literature it is hoped a more complete explanation of minority government formation can be obtained.

[163] Budge and Keman, p.60.

Chapter 3

Towards a Theory of Government Formation

The literature review suggested five areas of focus that are important in conceptualisations of general and minority government formation. The purpose of this chapter is to employ these five areas in the construction of a framework to facilitate a greater understanding of government formation, and in particular a greater understanding of minority government. The framework is an attempt to build a broad schema for analysis, not to construct a theory: it can however, be seen as a systematic attempt at preparing the way for a theory or theories[164]. This analytical framework is subsequently applied to New Zealand's first MMP government from 1996 - 1999.

Following the general arena framework discussion, a more detailed analysis is undertaken of the specific variables which affect government formation. These variables are based on the conclusions of the literature review and relate to different arenas in the organising schema. The first variable comes from the parliamentary arena, and focuses on concepts of the Opposition. A second variable examines the role of party leaders in the internal party and parliamentary arena, while a third variable discusses incumbency costs and future elections. Following this a table summarising the "General Assumptions on Government formation" is presented. Finally, a conclusion combines these earlier theoretical elements with particular scenarios in an effort to model both general and minority government formation.

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[164] Sjoblom, G.,(1968), *Party Strategies in a multi-party system* , Studentlitteratur Lund, Sweden.

The main argument being put forward in this discussion is; that government formation is a process that takes place in three arenas and is controlled by political parties. These parties carry out certain roles in each arena that affect every decision they make. Additionally, within parties there is a tension between leaders and their organisations, which is created by the interaction between party goals and leadership career goals. When all these variables are considered, it is possible to model their effects on specific formation outcomes in terms of the costs and benefits for parties and party leaders.

Setting Some Preliminary Boundaries

Before proceeding it is necessary to set some boundaries for the theoretical framework. It has already been stated that this analysis hopes to increase the understanding of government formation in New Zealand; therefore, some primary assumptions need to be established regarding the party system. First, the number of parties in the system is assumed to be small, specifically, between four and five. Second, the parties are assumed to be located across the political spectrum along a left/right continuum, based on a socio-economic cleavage[165]. Third, two of the parties are centrally located major parties[166] on opposite sides of the left/right continuum. Fourth, the third parties are distributed on either side of the large parties (i.e.,wing third parties) with one in the centre[167] (centre third party), as in Figure 3.1.

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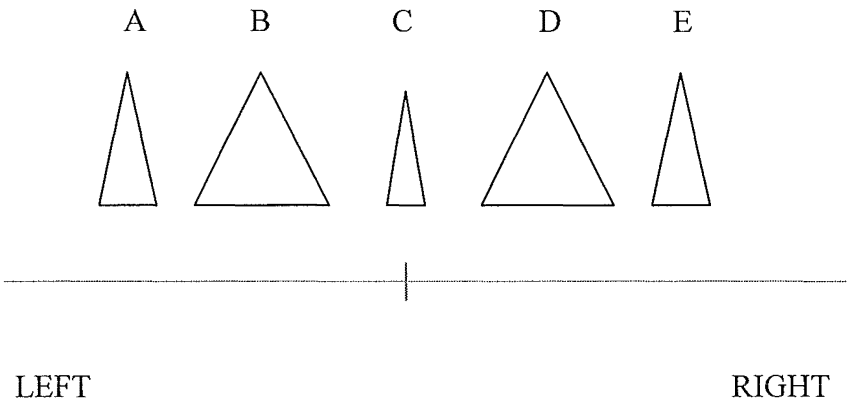
[165] Assuming the main cleavage within NZ as socio-economic is consistent with the literature on NZ politics, and was reaffirmed to the author by informal interviews with A. Lijphart in the first half of 1998.

[166] "Major party" means a large party, with long established organisations and a broad base of popular support that has been represented through past electoral success.

[167] In reality the "wings" of each party may overlap, and the centre party could be redistributed amongst B and C. However, for the purpose of this example, wing parties are set out in order to reflect party position and size, along a left/right cleavage.

Figure 3.1 A Diagrammatic Representation of the Party System



This party system model obviously reflects the 1996 MMP election result in New Zealand. However, this does not undermine the following analysis. Much of the theorising is applicable to other countries and other systems, especially as this thesis focuses to a large degree on the actions of political parties. The above assumptions reinforce the commitment of this study to increasing the understanding of government formation in New Zealand.

3.1 A General Framework for Government Formation

The Arenas Organising Principle

The arenas organising framework is widely used in government formation literature by both design or by implication[168]. For example, both Downs (1957) and Dodd (1979)

[168] Peterson, R.L., and de Ridder, M.M.,(1986), "Government Formation as a Policy Making Arena", *Legislative Studies Quarterly* , vol. 11, no.4, November, p.572.

intimate the presence of a number of arenas. Downs (1957) believes that parties formulate policies in order to win elections and therefore gain power in parliament[169]. Similarly, Dodd says, "political parties enter parliament in a quest for governmental power [that] originates at the electoral level, where each party articulates a political programme designed to attract a political following"[170].

An analysis of these ideas indicates that three arenas are implied. First, the internal party arena is alluded to by the ideas that "parties formulate policies" and "each party articulates a political programme"[171]. Second, these policies are formulated to win an election, against or with other parties. Therefore, parties are competing entities trying to win an inter-party competition (i.e., the election) in the electoral arena. Finally, after the competition has been completed in the electoral arena, the actors re-convene in the parliamentary arena. Whereas both Dodd and Downs merely imply a number of arenas, others directly employ the arena concept and terminology in a number of associated but different ways[172]. Consequently, the following three propositions and their explanations define the arenas organising principle used throughout this thesis.

(i) An arena is a centre of activity or activity in a particular situation or context, where a set of actors interact in identifiable patterns according to general rules and procedures, within boundaries which do not necessarily coincide with those of formal institutions[173].

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[169] Downs, A., (1957), *An Economic Theory of Democracy*, Harper and Row, U.S.A., pp.22-31.
[170] Dodd, p.35.
[171] Ibid.
[172] The best four examples of theorists who employ the arenas approach are Sjoblom, G., (1968); Peterson and Ridder, 1986; Panebianco, A., (1988) *Political Parties: Organisation and Power* , Cambridge University Press, London, Britain, and ; Panebianco (1996).
[173] This definition draws heavily on Peterson and Ridder,1986, Panebianco, 1988, and Narud, 1996.

For the purposes of this thesis "the actors" are political parties[174], which interact according to the rules set down in their own constitutions, past conventions, and the constitutional fabric of their political system. These interactions can take place in formal institutions, such as parliament and informal settings such as elections. An example of interaction which does not coincide strictly with formal institutions would be a pre-electoral coalition. There are no formal rules governing the form this should take, but it does affect both an election, and the formal institution of parliament. The following point expands on this subject.

(ii) Each arena overlaps and does not work in isolation. Therefore, issues may affect more than one arena and have cumulative effects.

The above rationale to government formation acknowledges that an outcome in one arena may become an input for another[175]. This conceptualisation bears a great deal of resemblance to Easton's well-known input-output schema which he uses to describe the political system. He argues:

> In effect, it conveys the idea that the political system looks like a vast and perpetual conversion process. It takes in demands and support as they are shaped in the environment and produces something out of them called outputs. But it does not let our interest in the outputs terminate at this point. We are alerted to the fact that the outputs influence the supportive sentiments that the members express towards the system and the kinds of demands they put on it[176].

When these concepts are applied to the question of government formation they show the inter-dependent nature of arenas. For example, the lack of internal cohesion in the party arena may affect the ability of a party to negotiate a coalition agreement in the

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[174] For the purposes of this thesis other actors will not be looked at in detail, for example interest groups. It is the belief of this thesis that despite being important in government formation, their influence is via a political party and is therefore not a determining factor in government formation.

[175] Narud, p.501.

[176] Easton, quoted in Sjoblom, p.19.

parliamentary arena. Furthermore, when a party goes into an unpopular coalition in the parliamentary arena it may flow into the electoral arena with a decrease in voter support. Therefore, arenas are connected and issues flow between them impacting on goals and resources. Proposition 3 below expands on this theme.

(iii) Each arena allows the use of different resources, has different rules of actor interaction, and has different goals associated with it.

The literature review in Chapter Two discussed the motivations, or goals of parties, as being orientated towards either policy outcomes or attaining office in the parliamentary arena. Thus, each arena has a specific goal. These are: vote maximisation in the electoral arena, cohesion in the party arena and policy influence/office maximisation in the parliamentary arena. Additionally, these goals co-exist, and once attained, must be maintained in the other arenas where they become constraints on a party's actions.

In this conceptualisation, goals are not zero-sum. Rather, they are relative, and a party can aim for its own level of attainment regarding any goal. For example, the level of cohesion each party aims for varies from party to party. Some parties may take the position that those not for us are against us, while other parties may be happy to attain and maintain a level of cohesion where factions do not express their discontent publicly, but internally act in a divisive manner. Vote maximisation is another good example of degrees of goal attainment. A party aims at getting as many votes as it can, but if it fails to gain the anticipated amount, it may still be able to influence policy at a re-evaluated level. What must be remembered when talking about goals is that parties aim to maximise them, but failure to maximise a goal does not necessarily mean complete failure. What it does mean is that subsequent goals in following arenas require re-evaluation.

Each arena requires the different application of a similar resource or a different resource altogether. Panebianco conceptualises arenas and resources as "gambling tables at which the party plays and obtains...the resources it needs [and] resources obtained in one arena are spent in another"[177]. For the purposes of this conceptualisation, resources do not refer to money or personnel, but to the outputs of earlier arenas. For example, cohesion in the internal party arena is a resource in the electoral arena, and the number of votes gained in the electoral arena becomes a resource in the parliamentary arena.

The different rules of interaction refer to the legal requirements and conventions particular to each arena. In the internal party arena, how the groups and individuals interact is dictated by party constitutions and accepted practices. In the parliamentary arena, the actor's behaviour must comply with constitutional norms and conventions, committees, and the division into government and Opposition blocks. In the electoral arena, parties are free to campaign how they like, but are: (a) legally regulated by the amount of money they can spend; and (b), obligated to participate in certain activities like leadership debates and press interviews.

The Interaction Between Arenas

The relationship between arenas is one of co-dependence. The actors cannot make a move in one arena without affecting their moves in another. It is a cyclic system where goals attained in one arena are transferred into resources and constraints in another. Succeeding in one arena lays the foundation for succeeding in another, and a party must achieve and maintain all its goals in all arenas to be a viable political force from one

[177] Panebianco, 207

election to the next. It does no good to maximise votes in the electoral arena and then maximise policy influence if the internal party arena is negatively affected. This may undermine the party's viability in the next political cycle and reaffirms that government formation is a continuous process and success is measured over long-term and not-short term time frames.

Inherent in the conceptualisation of co-dependent arenas is the notion of political cycles. This adds an important temporal dimension to the analysis. The political cycle refers to the on-going movement from one arena to the next. One cycle has been completed when the actors have moved through all three arenas. Admittedly, to select one arena as the beginning or end of any cycle is problematic, as any selected beginning will have been influenced by what has occurred in other arenas. However, in order to study a particular cycle a decision has to be made where to begin and for the purposes of this thesis the political cycle is analysed from one general election to the next.

The question of time is very important not just for designating start and end points, but in how it effects the actors. The "shadow of the future"[178] affects all decision making in the long and short-term. The short-term refers to one political cycle, while the long-term to anything beyond this. Therefore, parties may make a decision not to participate in government in the short term, as they anticipate it will help them gain a far more advantageous position in the long term. However, this type of decision making must be taken into account with the fairly limited life span of many leaders and their steep discount rates, which means they are unlikely to look more than one political cycle ahead[179].

The preceding discussion helps to clarify the arena principle and highlights some of its most important elements. More specifically, each arena needs to be examined

[178] Axelrod quoted in Strom, 1990, p.45.

closely in an attempt to establish its particular characteristics and define its specific goals. This discussion is not intended to be an exhaustive look at each arena. Rather, it aims to provide a general explanation and description of the background to the variables. These are subsequently used to explain minority government.

The Internal Party Arena

The central actors in each arena are political parties, but they are also an arena in their own right[180]. A party can be conceptualised as its own political system where different coalitions of forces come together under a single banner and struggle for influence and dominance within the organisation[181]. When the party is regarded as an arena in its own right, its primary goal becomes cohesion. Cohesion is required if a party wants to be an effective "instrument for the aspirations of the party in the external arenas..."[182]. Therefore, cohesion is defined as "a rallying of members round the output decided by the party"[183]. This does not imply that every matter within a party is agreed upon. There will always be disputes within any organisation regarding such matters as appointments and allocation of resources. Rather, it implies that a party wants to be seen as united and act in a united manner in external arenas. In effect, attaining goals in external arenas becomes increasingly difficult when members make policy standpoints, or work in ways that do not coincide with the party's line on a particular issue. Furthermore, if cohesion is not attained and maintained, resources that could be better

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[179] Strom, 1990, p.51.
[180] Sjoblom, p.183, conceptualises the party as being an "arena" and an "instrument" in other arenas . This fits closely with the way parties are portrayed in this thesis with the "instrument" being termed "actor", which is more consistent with the latest literature.
[181] Katz and Mair quoted in Moar, p.71.
[182] Ibid., p.52.
[183] Ibid.,

employed in affirming a party's position in parliament or an election will be negatively affected.

Electoral Arena

The basic goal of parties in this arena is to achieve "vote maximisation"[184], by influencing the decisions of voters. However, in PR systems another factor must be considered; the vote maximisation of all parties that are possible partners. In PR systems, it is not enough for one party to maximise its vote if it undermines a potential partner because: (a) it may help parties on the other side of the spectrum to win votes; and (b), it may undermine the relationship between potential partners making it impossible to work together. In other words, vote maximisation, whilst conceptually clear, is a multifaceted goal referring to both individual parties and groupings of parties.

Within this arena, there are two types of constraints: those imposed by the environment (i.e., a cap on spending and similar allocations of TV advertising time); and, those a party brings with it, such as maintaining party cohesion. The first type of constraint requires little explanation. The second type of constraint is more complicated and is interconnected with party resources. A party must maintain cohesion at all times in every arena if it is to be an effective actor. If it achieves this, then generating resources is an easier task[185]. Therefore, the promises a party makes during an election campaign are constrained by the factions within the party. If they move too far left or right they risk decreasing the level of cohesion and undermining their goal of vote maximisation.

[184] Sjoblom, p.206.
[185] Ibid.

An important element in this arena is the type of PR system and how it affects the way parties campaign and interact. For example, in an MMP system where voters have two votes, it is possible for them to act strategically by splitting their vote. Parties are aware of this and can campaign to promote a possible supporting party, or aim policies at buying one vote from another party's supporters. Also, parties must take care when campaigning not to attack potential coalition partners too severely, as they "are competing for the same voters, what one party gains, another coalition member is likely to lose"[186]. Thus, targeting potential coalition partners too strongly may make building a future relationship difficult.

The Parliamentary Arena

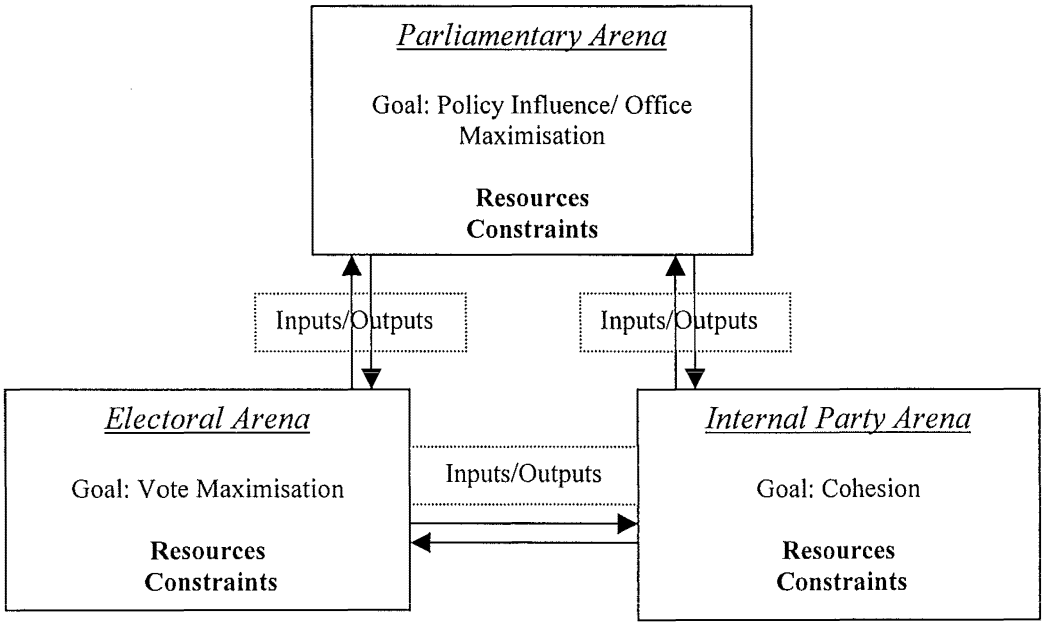
The parliamentary arena is the institutional forum for government formation and within this arena parties interact and form administrations after and between elections. It is here that the bulk of bargaining[187] takes place between those parties which believe they can form a government, and new governments are officially formed and sworn in. Consequently, government formation literature has devoted a substantial amount of time to this arena, but it is by no means the most important. It is the outcomes of the other arenas that provide the inputs for the parliamentary arena, and these inputs not only constrain possible outcomes, but they also dictate which parties ultimately participate in government.

Parties bring previously gained resources and constraints with them into the parliamentary arena. In reality, resources and constraints are opposite sides of the same

[186] Rommetvedt, p.253.
[187] This does not ignore pre-election coalition negotiations, but it is after an election that parties form governments and decided on the distribution of offices.

coin. These resources are a party's size (seats), its level of internal cohesion and its ideological placement; the constraints are party cohesion and future vote maximisation. These concepts can be expressed diagrammatically in a model derived from Easton's outputs and inputs schema (see Figure 3.2 below).

Figure 3.2 The System of Goal Maximisation in Terms of Inputs and Outputs.



The earlier literature review discussed the motivations of parties, and concluded that these were vote maximisation, policy outcomes and office. In reality, politicians want all three. Possibly, they seek office to further their personal goals while implementing policy to satisfy their party's goals, and they need to maximise votes to do either. Whichever one comes first will depend on the individual. For the purposes of this thesis, a party's primary goal in this arena is called "policy influence" and can be measured by: (a) how much of its own policy it can implement; and (b) how much of a partner's policy it can support, amend, or stop. Separate, but closely associated, are the assumed goals of parliamentary party leaders, which are: (a) to remain leaders; and (b),

office maximisation. A leader's goals have the potential to both interfere with the party's goals, or to promote them.

Three characteristics of policy influence as a "goal" need to be discussed. First, policy influence may be deferred in the short term, in the belief that it can be maximised at a higher level in the long term. This requires a very careful calculation, as it may have negative ramifications in the other arenas. Second, while policy influence is being maximised, the goals attained in other arenas become constraints upon a parliamentary party's actions. It does no good to maximise policy influence if party cohesion and future vote maximisation are undermined.

The third characteristic refers to what policy influence means to parties of different sizes and positions. Major parties in government can expect primarily to implement their own policy and then amend or stop policies from other parties, even those they share power with. A third party can primarily expect to maximise its own policy influence by amending and if necessary, stopping its partner's policy. Its secondary goal should be to see how much of its own policy it can implement. This is not an absolute rule for parties to follow, but if a major party is not able to implement its policies then, "tail wagging the dog" criticisms may apply. Furthermore, if a third party cannot be seen to have influenced policy then "selling out" criticisms may apply. Parties must be seen to have a level of policy influence commensurate with their parliamentary size and ideological position.

In summary, this section has presented the arena organising concept by breaking it down into its individual parts and highlighting the inter-dependent nature of the three components. Also, it has conceptualised an arena in light of Easton's work by showing that outputs and inputs are connected through feedback between resources and

constraints in a continuous political cycle. Another important element in this section is the identification of arena specific goals, and parliamentary leaders' personal goals. This conceptualisation breaks down government formation into a dynamic multifaceted schema that not only looks at parties, but also at the individuals that lead them.

The following section adds more specific detail to the arena organising principle, thereby making the subsequent organising schema more complete. First, the parliamentary arena is approached by way of a re-conceptualisation of the parties that comprise the legislature, and how this affects their bargaining positions as well as their goals. Second, the effect on government formation of parliamentary party leaders is analysed to a greater degree. This adds another layer of considerations that need to be addressed.

3.2 Specific Variables

Re-conceptualising Party Positions in Parliament

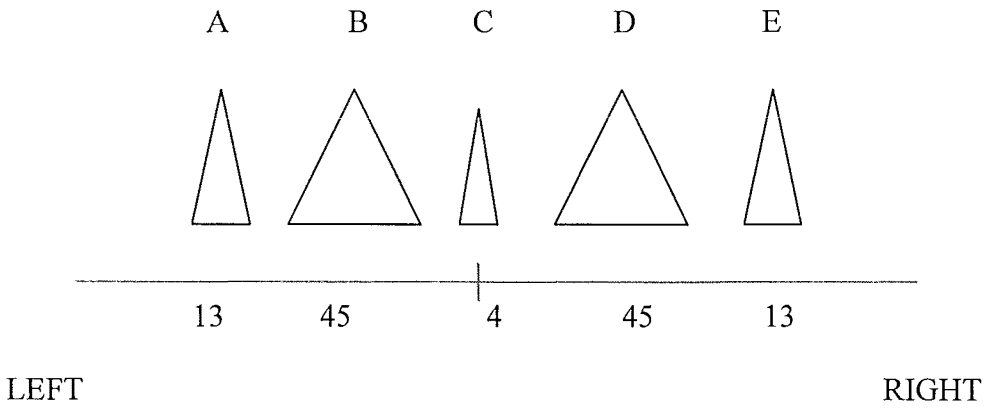
Within government formation literature there is an acceptance that if a party is not in office then it is in Opposition[188]. By implication, this assumes that a non-governmental party's role is to oppose. This entails criticising a government's policies in order to weaken the unity and resolve of government, and ultimately, to replace it[189]. This "classical"[190] conceptualisation of non-governmental parties may be suitable for a two-party bi-polar system, but does not adequately describe the situation in multi-party

[188] With the notable exceptions of Lebbert (1984) and Strom (1990).
[189] Luebbert (1984), p.231.
[190] Ibid.

systems where major and third parties frequently support each other outside the formal bounds of cabinet.

In order to fully appreciate the multi-party environment in the parliamentary arena it is necessary to describe the possible positions of parties outside cabinet in more detail. Earlier in this chapter a number of core assumptions were outlined: a party system with four or five parties spread over a left/right spectrum, that interact in three interconnected arenas, each one having specific goals. By using these assumptions and applying them to a scenario where each party is given seats, it is possible to create realistic examples of parties that clearly function as the Opposition and those that perform an alternative function (see Figure 3.3).

Figure 3.3 The Assumed Party System with Legislative Seats.



Scenario 1

In scenario one, it is possible for either major party, B or D, to form a majoritarian government with the third parties on either side (i.e., A/B/C OR D/C/E). In this situation the two parties outside government (either A/B or D/E)

would be on the other side of the political spectrum and represent what is thought of as the classical Opposition.

Scenario 2

In this situation party A and B form a minority government with the support of C. In this situation, party C, whilst not in cabinet, cannot be described as the Opposition because the minority coalition relies on C's support for confidence and supply. Also, it must be remembered that party C, like all parties, is trying to maximise its policy influence in the parliamentary arena. However, this position does not preclude party C from criticising the government, or voting down legislation it disagrees with. In this respect it does fulfil the classical role of the Opposition.

Scenario 3

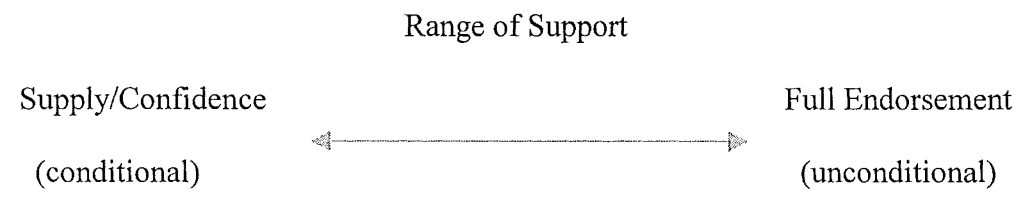
Scenario 3 is where B and C form a minority coalition government with the support of A. In this case, A has the same options as C in the earlier situation but with caveats. If it chooses to vote with the classical Opposition it will be working with those parties that are on the other side of the political spectrum (i.e., those parties with which it has the least policies in common). Thus, party A is compelled to support a B/C government to a far greater degree than party C is compelled to support an A/B government.

Each scenario reflects the notion that the standard classification of government and Opposition is inappropriate in a multi-party system. Therefore, it is necessary to re-conceptualise the divisions within parliament to gain a greater understanding of

government formation. It is clear from the above analysis that there are three possible parliamentary roles for parties in a multi-party parliament: (a) those that form government, defined by the composition of cabinet; (b) the classical Opposition, which aims to criticise the government policies and ultimately to replace it; and (c), those which do not want to replace a government but *under certain conditions* can support and possibly criticise them.

The above definitions of government and Opposition are clear. However, the supporting party typology needs further analysis, as the term "support party" does not reflect the level of support a party pledges to a government (see Figure 3.4). For example, support must cover at the very least supply and confidence, but could also extend to an unequivocal endorsement of all government policy. These two extremes reflect the boundaries in which a supporting party can move. They also reflect how problematic it is for supporting parties to decide on the most advantageous level of support to pledge to a government.

Figure 3.4 Range of Possible Support a Third Party Can Pledge.



By the time third parties are in a position to make decisions regarding governmental support, the formation process has already gone through the electoral and internal party arena, having won enough seats to be important to a major party. The third party's goals then become: (a) the maximisation of policy influence; (b)

maintaining cohesion; (c) future vote maximisation; and (d), maximising office pay-offs. The pursuit of these goals in the light of the situational constraints forms the environment in which a decision on the level of support is based.

The preceding argument may have implied that a supporting party holds all the cards in a government formation situation; this is not necessarily the case. The level of power a supporting party can expect is based on many factors, some more quantifiable, than others. The quantifiable factors are the number of seats it wins and the number of alternatives a party has regarding possible partners. This was intimated in the earlier scenarios where the supporting centre third party C has more options than wing third parties A or E. This has nothing to do with C's size, but with its ability to join with parties B and D. Additionally, parties A and E may be placed in a marginalised position if the parties on their inside refuse to let them into the policy making process.

Non-quantifiable factors that influence the power of parties *vis-à-vis* each other, refer to both their previous relationship and their expected future relationship. If two parties work together over a period of time, then it is likely that an *esprit de corps* develops between them that can be called on again. Alternatively, if two parties have a history of conflict, perhaps built around personality disputes, or one being a splinter party of the other, then the ability to work together may possibly be affected, and goal maximisation for both undermined. These negative and positive factors must also be balanced with anticipated future electoral outcomes, which could create a situation where two parties need to work together in order to maximise policy influence.

Party Leaders and Their Importance to Government Formation

The importance of intra-party politics has already been discussed in the internal party arena. It was shown how important it was for a party to attain and maintain cohesion. More specifically, the individuals most concerned with cohesion are party leaders (both parliamentary representatives and senior party organisers). Within this elite group, it is the parliamentary representatives who have the most power as: (a) they represent the party's wishes in the media and are the "human face" behind an image; and (b), the government formation process is almost entirely in their hands as they participate in and control negotiations for the party they represent.

Therefore, the process of cabinet formation is a game played by a very small and select set of party leaders[191], who have to balance their party's goals with their own. This does not mean that parliamentary leaders are free to act in any way they choose or disregard all policies for personal gain. To some degree, they will be constrained by the organisational and hierarchical structure of their party[192]. For example, one party may be controlled from the top down with the parliamentary leaders having the ability to significantly control their organisation, thus allowing them a broader range of options in any negotiation. As a consequence, a party with a strong organisation can impose itself upon its parliamentary leaders and limit their manoeuvrability[193].

The degree of dominance a party exercises over its leaders, in combination with a leader's personal agenda, has a significant effect on government formation and must be included within any theoretical framework. To ignore this aspect is to remove the

[191] Strom, 1990, p.27.

[192] It is beyond the confines of this thesis to discuss the correlations between party structure and the differing levels of power afforded to leaders. However, for a discussion on this topic Moar (1995) provides a worthwhile article focusing on levels of centralisation and decentralisation and the affect this has on government formation negotiations.

"people" element out of politics and to assume it is a purely rational game. Unfortunately, it is very difficult to operationalise these variables by measuring the degree of party constraints on parliamentary leaders, or whether a leader's office preferences were central ingredients in negotiations or merely peripheral concerns. Particular outcomes may be indicative of these influences, in that they appear "irrational" by undermining policy influence maximisation, or later through intra-party conflict expressed through forums like party meetings.

The Shadow of the Future

Previously, the question of time was discussed. It was acknowledged that parties look ahead when making decisions and that anticipating future consequences plays a large part in the course they decide to take in the present. A decision in one arena must anticipate the effects in the others. Two of the most important decisions any party can make are: (a) whether or not to participate in government; and (b), with which party it will be associated. The first decision is probably the easiest, as political parties want to influence public policy. Holding everything else equal, rational actors always prefer to have their rewards sooner than later[194]. However, in some circumstances it may be the case that policy influence may be maximised by staying outside government.

The second question is much more problematic. Parties must anticipate the future consequences of any inter-party relationship when in government. The first consideration each party's parliamentary leaders must make is how the relationship will affect party cohesion, both within parliament and within the overall party. If

[193] Moar, p.68.
[194] Strom,1990, p.46.

parliamentary leaders wish to remain leaders, then they must maintain the party organisation, keeping not only their faction satisfied, but their opponents as well.

Another consideration pertinent to both questions is how the relationship will affect future electoral prospects. Being in government normally means a loss in electoral support. For example, Rose and Mackie (1983) in a study of 300 European elections, found incumbency to be a liability in 65% of the cases[195]. What remains unclear is the effect of negative incumbency on individual parties within a coalition government, or in a supported minority government. This problem is reflected in Rose and Mackie's study, where in 36.5% of elections there is a government reshuffle, which is "a partial reinstatement of some but not all of the coalition partners"[196].

However, for the purposes of this thesis it is not important to reach a definitive conclusion as to why or how incumbency affects parties in government. It is important to recognise that participating in a coalition government, as far as can be ascertained, has a negative effect on future electoral chances and that parties recognise this fact and incorporate it into their decision making[197]. Therefore, the "shadow of the future" means that attaining office has negative consequences, and that these negative consequences may not be distributed evenly amongst coalition partners.

In summary, this section has presented a broad schema of analysis on government formation. It encompasses a multi-level framework that conceptualises the process of government formation and has looked at specific variables that impact upon the process. The findings of this section are organised into a Table of assumptions (Table 3.1 below). This Table seeks to make the assumptions more recognisable and emphasise

[195] Rose, and Mackie, T.T.(1983), "Incumbency in Government: Asset or Liability" in, Daalder, H., and Mair, P., (eds.), (1983), *Western European Party Systems*, Sage, Great Britain, p.134.
[196] Ibid.

their interdependent nature. Additionally, the Table summarises the multi-level analysis of the theoretical schema which looks at arenas and at intra and inter-party interactions.

When these general assumptions on government formation are combined with the earlier assumptions on the number, size and ideological position of parties, it is possible to model scenarios that reveal the elements that promote each type of formation outcome. Important in each scenario is the assumption of costs and benefits from the perspectives of wing third parties, centre third parties, and major parties. The following section combines the party system assumptions with the general assumptions on government formation and models particular outcomes based on the earlier analysis.

[197] Strom, 1990, p.46.

Table 3.1: General Assumptions on Government Formation

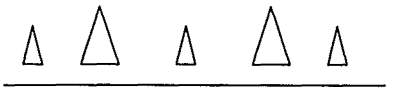
1. Government formation takes place in *three inter-dependent* arenas,
    (a) Parliamentary
    (b) Electoral
    (c) Internal Party.
2. Political parties interact within the electoral and parliamentary arena and,
    (a) The parliamentary arena is characterised by parties which fulfil three roles to *form, support,* or *oppose* a government.
    (b) The electoral arena is characterised by inter-party *co-operation* and *competition.*
3. Political parties seek to attain the following specific goals in each arena,
    (a) *Policy influence* in the parliamentary arena
    (b) *Vote maximisation* in the Electoral arena
    (c) *Cohesion* in the Internal Party arena.
4. A party *does not need to be in government* to maximise policy influence.
5. Each of the arena specific goals are both *resources* and *constraints* in the other arenas.
6. Political parties are comprised of,
    (a) *Factions*, whose goal is to implement their own policy into government policy
    (b) *Leaders*, whose goal is to remain party leaders and attain government office.
7. Parliamentary leaders' *personal goals* may not coincide with their parties' goals.
8. Parties consider future consequences in,
    (a) Time frames of *one political cycle.*
    (b) *Incumbency costs.*

3.3 Conclusion

The following formation outcomes combine a party system framework with the theoretical assumptions. When modelled (Table 3.2) it is possible to speculate on how each outcome effects the decision making process of the parties concerned. Implicit in this model is the earlier categorisation of the parliamentary arena, which divides them into: (a) those parties that comprise government 'G'; (b) those that support government, 'S'; and (c), those that oppose government 'O'. An 'X' means no party exists in that position. The Table does not model all 26 possible outcomes in a five party system, as it makes the following logical assumptions: (a) parties with the largest differences in policy space cannot work together, (i.e. party A and party E); (b) third parties cannot form a single party minority government; (c) grand coalitions only occur in exceptional circumstances[198]; and (d), no one party wins a legislative majority.

[198] Such as during a war or when there appears to be a high level of internal political turmoil, such as in an economic crisis or civil unrest.

Table 3.2. Politically viable outcomes in a 5 party system with two major parties, two wing third parties and a centre third party, distributed along a polarised left/right continuum.



1	G	G	G	O	O
2	O	O	G	G	G
3	G	G	S	O	O
4	O	O	S	G	G
5	S	G	G	O	O
6	O	O	G	G	S
7	S	G	S	O	O
8	O	O	S	G	S
9	G	G	X	O	O
10	O	O	X	G	G
11	S	G	X	O	O
12	O	O	X	G	S

Key: O: Opposition, G: Government, S: Support, X: No party

These 12 outcomes can be divided into three categories. Outcomes 1 and 2 are *minimal winning coalitions* with all coalesable parties choosing to be in cabinet. Outcomes 3 to 6 are *supported coalition minority* governments, where one third party or all third parties (on the same side of the political spectrum) decide to support a minority coalition government. Outcomes 7 to 8 are *supported single party minority*

governments. Outcomes 9 to 12 reflect the situation where the centre party fails to gain any seats resulting in either a, *minimal winning coalitions* or *supported single party minority* governments.

Each of these three categories of outcomes, *mwc, supported coalition minority* and *supported single party minority governments*, involve a different set of calculations by the actors as they impact in different ways on a party's goals and resources. The actors must take into account possible effects on policy influence, vote maximisation and cohesion, and whether to support, form, or oppose a government. By looking at each category of outcomes and in combination with the earlier analysis, it is possible to model the costs and benefits of each outcome on: (a) the parties; and (b), the leaders who represent them.

Minimal Winning Coalitions

The costs and benefits of participating in a minimal winning coalition affect each party in different ways. The main benefit for both types of third party is the acquisition of government office which allows the junior partner's parliamentary leaders to further their careers. However, every office occupied by a junior coalition partner means one less for the senior partner, or major party[199]. Thus, the ambitions of the major party's parliamentary leaders may be undermined, creating an environment of diminished loyalty that could affect cohesion within the parliamentary wing of the party and the party as a whole.

[199] This assumes that the government will not just keep increasing the number of cabinet positions in order to accommodate all senior partners MPs who feel they are in line for a promotion. If this were the case then the 'kudos' of a cabinet position would be devalued as a cabinet post's value in many respects lies in its scarcity.

Balanced against the loss of office for the major party is an increase in control over the junior members of the coalition. The "carrot" of office can also be a "stick" in that the threat of removal can influence ministers to take on the senior partner's policy wishes as a means of maintaining their position. Not only can office be used to influence a junior partner's policy position, it can also influence party loyalties. For example, if a major party is close to a legislative majority, it can "buy" votes with offices. This may undermine the cohesion of third parties, and improve their own chances of maximising votes and policy influence in the next political cycle.

Another cost of *mwc* for junior partners is the doctrine of collective cabinet responsibility. Any policy decided on in cabinet is regarded as unanimously endorsed and supported by government. This means that a junior party may appear to reflect and support policies which may then undermine its popularity and future vote maximisation. Admittedly, the same argument can be made that policies introduced and passed by junior partners can hurt a senior partner. However, it must be remembered that policy maximisation for a senior partner entails primarily passing legislation. Policy maximisation for a junior partner on the other hand primarily entails amending and stopping legislation, before trying to pass their own.

Participation in a coalition constrains all parties from differentiating themselves along policy lines, and reduces the multi-party system (as modelled here) into essentially a two block system. One of the causes of this is the inability of each coalition member to criticise their partners. The major party benefits the most from this situation as it is always going to attract criticism from the Opposition, and to a lesser degree from supporting parties.

The effect of incumbency has already been discussed, and research suggests that governments generally lose support from one election to the next[200]. Therefore, associating with government in an *mwc* is likely to also reduce a junior party's share of the votes. Further, depending on the size of the party, the negative affects of incumbency may be very costly if a party is on, or close to, a set threshold for parliamentary representation. Additionally, incumbency costs are especially important for all third parties as any votes they lose will more than likely be received by the nearest ideological party (i.e., normally, their potential coalition partners).

Another element which can cause a loss of electoral support for junior partners is the reduction in publicity from inter-party competition. In a coalition, competition between parties is largely taken away from the public eye, kept behind closed doors, and replaced with the impression of co-operation. This may give rise to the perception or reality of consensus politics, but creates an environment where the separate identity of both partners is brought into question. For example, if the policy compromises by the major party are seen as too great then "tail wagging the dog" allegations may be made. However, if the junior partners have no policies to call their own, then allegations can be made that they are selling out or being controlled by their senior partner.

Overall, the costs and benefits of *mwc* are distributed unevenly in favour of the major party. What it gives up in office, it more than gains in negotiation leverage on policy matters. This implies that for major parties, policy maximisation is enhanced by coalitions, while for centre and third parties, it is undermined to some degree. Admittedly, the power behind policy maximisation is based on the number of parliamentary votes a party holds. This number is the same regardless of government membership. However, by entering into government, third parties exchange a degree of

[200] See Rose and Mackie,1983.

policy influence for office. This suggests another conclusion that playing a supporting role outside government may mean policy influence can be maximised to a higher level.

Minority Governments: Supported Single Party and Supported Coalition

Minority government can also be looked at in terms of costs and benefits for all three party types: wing third parties, centre third parties and major parties. A minority coalition supported by a third party brings with it the costs discussed above regarding the interaction between junior and senior coalition partners. In one respect, having to rely on a supporting party may create a more consensual atmosphere between coalition partners that facilitates a better working environment. However, at a fundamental level, the problem still remains for both parties within the coalition to keep their electoral identities separate whilst working together.

An important factor in the calculation of costs and benefits for parties contemplating supporting a minority government is where they are placed in the party system. A wing third party supporting a major/centre third party coalition is in a weaker position than a centre party supporting a major/wing third party coalition. In the first situation, the wing third party is trying to drag the coalition further left or right (depending on its ideological position). But the centre party is trying to pull the core party towards the centre, a far easier road to travel in modern mass politics.

Therefore, in any minority coalition a tension exists between the junior coalition partner and the supporting party that needs to be mediated by the major/senior coalition partner. In this case, the senior coalition partner is more likely to side with its junior partner if it is a centre third party as: (a) they share "office" together; and (b), the centre party has an alternative "government" if it wishes. Therefore, the wing third party's

policy maximisation ability is limited because: (a) the centre party can bring down the government if it tries to pull the major party too far left or right; and (b), voting with the Opposition could result in a loss of future vote maximisation by acting with political rivals and allegations of acting irresponsibly.

In the case of a wing third party/major party coalition government then, the centre party is again in a strong position. By staying out of a formal coalition it has mitigated the problems of: (a) maintaining its own identity; (b) removing the influence of the core party over its own parliamentary leaders through office; and (c), removing the possibility of losing votes through incumbency costs. Additionally, it has kept the possibility open of passing legislation with the Opposition. This is not tantamount to bringing the government down, as a centre third party can still support the government they have voted against in matters of confidence and supply[201].

Another type of minority situation is a supported single party government, where both the centre third party and the wing third party support the major party. The difficulty for the major party in this environment is how to maintain its identity when maximisation of office does not necessarily reflect a high level of policy maximisation. However, as with the situation where the major party is in a coalition with the centre third party (supported by a wing third party: see outcome 5 and 6 of Table 3.2), the major party is more likely to side with the centre wing party, as that party has the alternative to form a government with the Opposition. Another factor which may influence consensual relations is the maximisation of "office" for the core party's parliamentary leaders. The ability to further a political career may increase one's commitment to amicable outcomes, especially if one has been in Opposition for an extended time.

The final outcome to be analysed is where no centre party exists, and the party system is comprised of two wing third parties and two major parties. In this situation, the decision for a third party is whether to support a minority government or form an *mwc*. The arguments for supporting a government have already been discussed previously in one form or another. Specifically, they are: (a) a third party can maximise its policy influence just as well from outside cabinet as within, and possibly more so as the major party cannot influence leaders with office pay-offs; (b) they can maintain their identity to a higher degree, as they force the media to label them by their party name, as opposed to being called the junior coalition partner, or government; and (c), if a third party believes any loss of electoral support for the major party is to their advantage, then playing a supportive role is rational as the negative incumbency affect will work in their favour.

The costs of supporting a government are largely carried by a party's parliamentary leaders as opposed to their party *per se*, as the leaders cannot further their careers by occupying high office, whereas the party can still influence policy. On the other hand, the major party holds all office positions and can distribute them to its parliamentary leaders, thereby decreasing one obstacle to the maintenance of party cohesion.

This conclusion has brought together theorising on government formation in general, and combined it with a particular party system in order to speculate on the likely costs and benefits to parties from participating in or supporting government. The costs and benefits have been framed in terms of specific short term effects relating to the realisation of goals in the parliamentary arena, and the maintenance and ability to maximise goals in the electoral and internal party arena.

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[201] Admittedly, a centre party passing legislation with the opposition may cause a crisis for government,

The resulting cost/benefit analysis indicates, that in many cases the argument for playing a supporting role to a minority government is possibly the best way in which to maximise goal attainment in all arenas, as parties appear to pay a price for accepting office in terms of future vote maximisation. Additionally, third and centre parties appear to pay a higher price in terms of internal party cohesion and policy maximisation by choosing the *mwc* option.

The cost/benefit analysis shows that the variables that affect government formation interact in highly complex ways, and that the individuals making the decisions may think of their own careers as much as their party's immediate futures. When this is the case, attempting to prescribe which outcome option is the most likely becomes both problematic and reliant on detailed knowledge of individual politicians, and not just their party's negotiating position. However, despite these caveats, the earlier model indicates that within the boundaries of this thesis's theoretical framework, minority governments can be a viable choice for all parties concerned.

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but in mature systems it should not bring the government down.

Chapter 4

Members of Parliament and Their Perceptions

The preceding chapter modelled a relationship between a party system (and one which closely reflected the situation in New Zealand) and government formation theory. This chapter goes one stage further and transforms the earlier theoretical suggestions into a questionnaire written specifically for those individuals who form governments - the MPs themselves. Overall, the findings in this chapter support the earlier theorising and reveal previously unrecognised factors influencing government formation. Briefly, the most significant findings in this chapter are: (a) the importance of ministerial direction in the implementation of policy and its effect on the cost/benefit evaluation between supporting a government or participating in a coalition; (b) the potential problems major parties may have with cohesion due to inter-caucus alliances; (c) the role collective cabinet responsibility (CCR) plays in a coalition and its validity in MMP; and (d), the part policy plays in each party's coalition negotiation strategies and how it is eroded by other goals such as party cohesion and future elections.

The Study

120 MPs were written to either requesting an interview in Wellington in the second and third weeks of February 1999, or in Christchurch at a mutually convenient time. Given that the period in Wellington was timed to coincide with the first week of parliament in the New Year, it was anticipated that MPs would be more willing to participate as their schedules would be more flexible. Fortunately, this appeared to be the case and the

author interviewed 39 MPs in Wellington over a two-week period and another 9 in Christchurch during the same month[202]. Table 4.1 below breaks down the MPs according to party and list/constituent type.

Table 4.1 Interviewed MPs by Party and Status

Party Type	**MP (list)**	**MP (constituent)**	**Total No. Interviews. (no. party MPs)**
Major			
Labour	6	13	19 (37)
National	6	7	13 (44)
Sub total			**32 (81)**
Third/ Independents			
NZF	4	1	5 (9)
Alliance	1	3	4 (12)
ACT	1	1	2 (8)
United	0	1	1 (1)
Independent[203]	4	0	4 (39)
Sub total			**16 (39)**
Total	21	27	**48 (120) (40%)**

Methodology

Personal interviews were chosen over other data collection methods such as a content analysis or a mail administered questionnaire for three main reasons[204]. First, personal interviews afford the researcher greater flexibility in the questioning process, thereby allowing additional information to be uncovered via probing supplementary questions. Second, any terms that are unclear can be clarified. This ensures a higher level of

[202] See the Bibliography for a full list of the MPs interviewed.
[203] Mauri-Pacifica has not been identified as a party as they were not a registered party during the interview period.
[204] Kane, E., (1993), *Doing Your Own Research*, Marion Boyars, London, UK., p.52.

uniformity in terminological comprehension. Finally, personal interviews allow the researcher to control the interviewing situation ensuring that questions are discussed in the same order and that respondents do not consult one another before giving their responses.

The choice of the personal interviews method proved effective, as it quickly became apparent that MPs had a lack of familiarity with some of the terms, even though these had been simplified as much as possible. For example, in question two (see appendix 1), some MPs were confused about the differences between a single party minority government and a minority coalition, and some were unclear as to what constituted a grand coalition. These problems were easily solved and confirmed the author's choice of not collecting data through mail questionnaires.

Another important consideration is how well the 48 interviews reflect the opinions of MPs as a whole[205]. Overall, the 48 MPs interviewed represent just 40 % of all MPs. With this number of respondents (which includes a high number of opinion leaders, i.e., 4 leaders and 5 cabinet ministers) the data presented in the following chapter indicates to a significant degree the opinions of MPs as a whole. Admittedly, the conclusions would be even stronger if more MPs had been interviewed; however, it must be acknowledged that this is the first study under MMP that has collected data via face-to-face interviews and achieved a 40% contact rate within the target group.

Another advantage that resulted from interviewing such a large section of the target group was the high level of "triangulation"[206]. The methodological rationale for triangulation is based upon the belief that data generated from multiple sources complements and supports itself by creating "overlaps" on a particular suggestion or

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[205] Church, S., (1998), *Electoral Systems, Party Systems and Stability in New Zealand* , Christchurch, University of Canterbury, Thesis: Phd, p.383.
[206] Kane, ibid.

topic and leads to firmer conclusions. Stylistically, the questionnaire followed a "funnel sequence"[207] structure, where questions were asked on general themes that become progressively more specific. The rationale behind funnelling is to guide the respondent onto a theme by introducing a general topic, and then allowing the interviewer to ask more detailed questions. This approach allowed the interviewer to prompt the respondent and gain a greater insight into MP perceptions.

Many of the conclusions and opinions in this chapter are reinforced by direct quotes. In the interviews it was stressed that everything said was confidential unless individuals agreed to being quoted. This allowed MPs to talk openly and was one of the reasons why a great deal of valuable information was recorded. The author would like to thank all MPs who agreed to interviews for their time, and extends even greater thanks to around 30 plus MPs for their candour.

The questionnaire presented in this thesis finds some precedent in a recent Phd thesis by Stephen Church[208]. However, a direct comparison between the two studies is methodologically inappropriate. First, Church incorporated results from face-to-face interviews with results from mail questionnaires which is, at least, a difficult exercise and at worst methodologically inappropriate. Second, Church notes in one section that "it is necessary to be careful in interpreting these results, as the aforementioned ranking also happens to be the order in which each factor was presented in the survey"[209], and therefore may suffer from the "donkey vote" factor[210]. Finally, two of Church's

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[207] Frankfort-Nachmis, C., and Nachmias, D., (1996), *Research Methods In The Social Sciences*, Arnold, London, p.260.

[208] Church, S., (1998), *Electoral Systems, Party Systems and Stability in New Zealand*, Christchurch, Canterbury University, Thesis; Phd.

[209] Ibid., p.402.

[210] Fortunately, in this questionnaire there was no evidence of "donkey voting" in any of the results, as there is no correlation between the order in which the factors appear in the questionnaire and the order in which factors were ranked by MPs.

questions that may have been applicable to this study[211] did not offer the respondents enough options. Therefore, when this study altered these questions to make them stronger methodologically, it also made a direct comparison between the studies inappropriate.

Format and Presentation

The questionnaire was divided into three parts (see appendix 1). The first section elicited opinions on the past experiences and future expectations of MPs. As well as looking at which factors *should* be important in government formation negotiations and which factors *were* important in 1996. The second section sought to discover how MPs perceived the costs and benefits of coalitions and minority governments. The third and final section presented a scenario where respondents were asked to indicate what type of government they preferred and why.

4.1 The Questionnaire: Findings and Results

4.1.1 Past Experiences and Future Perceptions.

1) Do you think the experience of coalition and minority governments between 1993 - 1999 was exceptional, or a good indication of how governments will operate under MMP?

- exceptional ☐
- good indication ☐
- poor indication ☐
- don't know ☐

[211] Specifically, questions 1 and 6, see Church, 1998, p.493 and 495.

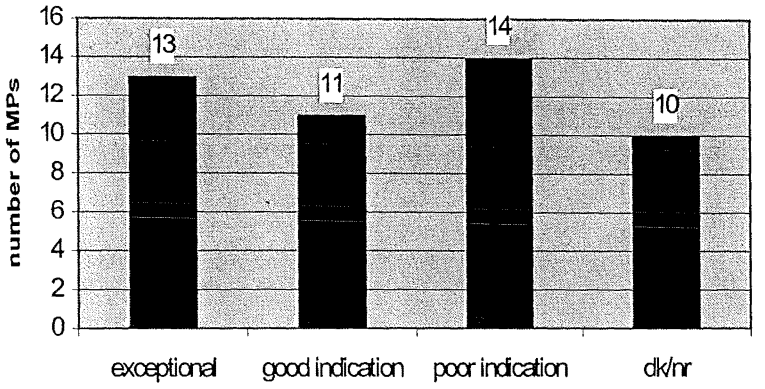

Figure 4.1

Although, the graph appears to indicate no clear pattern of opinion, in many respects the terms a "poor indication" and "exceptional" (i.e., unusual and not likely to be repeated) could have very similar meanings, with exceptional being a somewhat stronger form of poor indication[212]. Therefore, it is possible to say that 27 out of 48 MPs (or 56%) believe that the experience of the last 6 years *is* unrepresentative of coalition and minority governments in the future. This opinion stems from the steep learning curve many MPs acknowledge has taken place over the last six years in preparation for, and the first two years of experience of MMP.

[212] The inclusion of two words which have similar meanings was done to methodologically strengthen this question, as Church in his thesis had the positive choice "good indication" but not a negative choice. Therefore, those respondents who might read exceptional as a positive choice would have had no suitable response if they believed the last 6 years had been exceptionally bad.

2) What type of government do you consider is the most likely under MMP in the longer term (i.e. the next decade)?

Please rank from 1 (most likely) to 5 (least likely).

- single-party majority☐
- grand coalitions ☐
- majority coalitions ☐
- minority coalitions ☐
- single party minority☐
- don't know / can't say☐

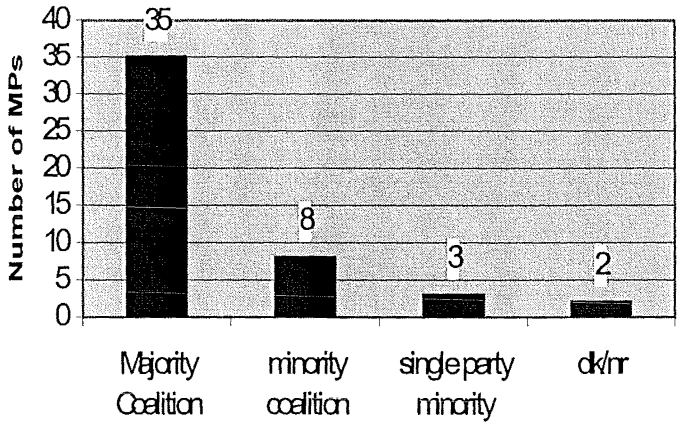

Figure 4.2

Question two produced strong indications as to what type of government MPs believed would occur in the longer term. For those outcomes ranked first, 35 (70%) of respondents ranked majority coalitions as the most likely type of government in the longer term. This was followed by minority coalitions 8 (17%), then single party minority government 3 (6%), and single party majority governments and grand coalitions ranked lower still at fourth and fifth respectively. These results generally correspond to those of Church in that majority coalitions were overwhelmingly chosen by MPs. However, one significant difference is that this thesis places minority

coalitions ahead of single party minority governments. One reason for this could be the acceptance that future governments need to include independents and very small parties (as reflected in the minority coalition government run by National since the coalition with NZF terminated).

4.1.2 Government Formation Negotiations: The Ideal

3) From the following list of factors, PLEASE RANK IN ORDER what you consider **should be** the chief factors in government formation negotiations.

- Future Elections
- Office for career advancement
- Personality clashes
- Policy
- Other_____
- Party cohesion
- Trust
- Office for resources
- Other_____

4) For those factors you ranked 1st and 2nd in question 3 could you explain what impact they should have on formation negotiations.

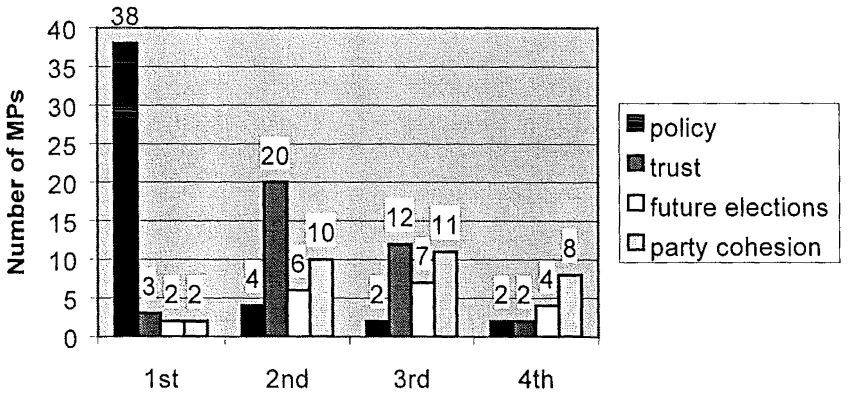

Figure. 4.3

Questions three and four uncovered what MPs believed *should* be the chief factors in government formation negotiations. Question three gave some broad factors to focus on, whilst question four allowed the respondents to explain their choices. In the interview respondents were informed that they "should not feel constrained by the listed choices" and that they should make use of the two "other" options available. Admittedly, very few did use the "other" options and if they did so it was to say, "doing what is best for the country", which on prompting became "doing what is best for the country *as reflected by our policy*". However, by employing this approach it was possible to find out why certain factors were important to MPs, and more importantly how they interacted and affected each other.

In question three the overwhelming first choice by 38 MPs (79%) was policy. On its own this result is not particularly meaningful as each MP may have different levels of commitment to policy *vis-à-vis* the other factors in a negotiation or even different ideas of what policy the party is committed to. Therefore, it was not until question four that the "policy" response was put into context. Broadly, policy is seen to impact on coalition formation negotiations by defining which parties can and cannot go into coalition together. That is, a general consensus emerged that parties need to have a significant overlap in core policies in order to "travel" in the same direction towards similar goals. For example Jim Anderton said, "You will not have any coalition if you don't have some close association on policy, because if you have two parties that are going in different directions in terms of policy, they should never get together in the first place" (interview 1/2/99).

The follow-up prompt questions were: (a) "how much of a party's core policy needs to be in common with a possible coalition partner?"; and (b), "what is expected to occur if too much compromise is made?". The answer to the first question was difficult

to quantify as the replies "a lot" and "significant" reflect different levels to different people. It can be surmised however, that MPs believe parties must have similar thoughts on at least government intervention in the economy and social welfare directions in order to coalesce. For example both parties must believe in greater social spending and then negotiate a mutually satisfactory level of increase.

The second follow-up question produced more revealing results, and highlighted the connection between the third and fourth ranked factors of party cohesion and future elections. MPs perceived that when a party makes what has come to be regarded as "too many" policy concessions or is seen to have "too much" policy in common, then party cohesion and future election prospects are undermined. Therefore, MPs are aware that any compromise in government formation negotiations has ramifications within the parliamentary party and the party at large. The following dialogue underlines this finding and should be taken as indicative of what MPs believe:

> *Question: Do you have to be careful not to leave the founding philosophies of the party in a negotiation?*
>
> Absolutely, otherwise the party will fall apart.
>
> *Question: Is that more important than thinking about a future election?*
>
> Well there won't be a future election if you don't have a party, will there?
>
> Jim Anderton (interview 1/2/99)

Interestingly, Winston Peters ranked future elections and party cohesion as his first and second choices saying, "The obvious one is future elections, that is where your mandate is going to be derived from" (interview 18/1/99). Additionally, John Carter, whilst not having the same concern about future elections, did agree that policy was constrained by party cohesion:

Question: Do you think when you are giving a policy away that it may be hard to bring someone into line because of what you have conceded?

Absolutely, all those things come into it. They are factors and not just in caucuses, there are "party people" who as a consequence of the arrangements made in the last coalition, resigned from the National party.

John Carter (interview 10/2/99)

The second most highly ranked factor after policy was trust. This difficult to define factor was seen as a vital element in any agreement and relates to the individuals in a negotiation as opposed to the party they represent. For example, Helen Clark said that trust, "comes from the level of personal relationships that develop and politics in New Zealand is very tribal" (interview 17/2/99). Gerry Brownlee said something similar, "Personality and trust go hand in hand" (interview 5/2/99). Additionally, many MPs saw trust as something that had to be brought to the negotiation table whilst others believed that the implementation of "processes" before and after an election could aid and perhaps mitigate a lack of trust. Michael Cullen reflected this school of thought when he said, "I think it's a matter of getting the processes right. You probably should get those right before an election rather than during an actual negotiation" (17/2/99).

However, in the final analysis the perceived untrustworthiness of a negotiator was seen as "overcomeable" if the option of forming a government was in question (i.e., if the situation dictates that trust must be offered and accepted then it will be). This idea was a pragmatic acceptance that a party's power is based on its parliamentary numbers in combination with its options. Therefore, a party would try and coalesce with a suspected "untrustworthy" individual representing a given party if they believed it gave them more policy influence. John Carter neatly summarised this reality when he said,

"trust is just one of those things that is there, that's commonly understood. It's like buying a car from a car salesman, at the end of the day you trust him to a degree of some sort or another" (interview 10/2/99).

To summarise, the responses to question three and four identified what factors MPs believed should be important to government formation negotiations and indicated how they interacted with each other. As Figure 4.3 indicates, policy was the first ranked choice followed by trust, party cohesion and future elections. The two most important findings in this section relate to the effect policy is seen to have on negotiations. First, a party's overall policy package reflects its philosophy and indicates where it wishes to take the country in terms of economic direction and government intervention. This policy package initially defines which parties may be compatible, (i.e., it delineates possible parliamentary partners).

The second finding relates to the actual negotiations themselves and indicates that policy whilst mooted as the most important factor in government formation negotiations, is actually undermined and constrained by other factors. For example, MPs acknowledge the reality that factors such as party cohesion and future elections must be considered simultaneously with policy proposals. Otherwise, they will not have a party to implement any policies or the party will be in the powerless position of Opposition. Additionally, MPs acknowledge that the implementation of policy relies to a large degree on building a relationship with others and that trust is an essential element in that relationship.

4.1.3 Government formation Negotiations: The reality of 1996

5) From the same list of factors, PLEASE RANK IN ORDER what you consider **to have been** the chief factors for each party, in the 1996 government formation negotiations.

- Office for resources
- Party cohesion
- Personality clashes
- Trust
- Other_____
- Future Elections
- Office for career advancement
- Policy
- Other_____

6) For those factors you ranked first and second in question 5, could you explain how they affected the negotiations (i.e., what options they undermined/promoted).

The Perceptions of all MPs on other Party's Criteria in 1996

	1st	2nd	3rd
National	Power (19)	Policy (9)	career advancement (6)
Labour	Policy (9)	No responses	No responses
NZF	Career advancement (11)	Policy (9)	Office for resources (3)

Table 4.2

MPs Perceptions of their Own Party's Criteria in 1996

	1st	2nd	3rd
National	Policy (9)	Power (6)	future elections (3)
Labour	Policy (15)	Trust (5)	party cohesion (4)
NZF	Policy (8)	Trust/party cohesion (2)	Office for experience (2)

Table 4.3

In questions five and six, each party was discussed separately, beginning with the respondent's party and then moving onto whichever party the respondent wished to discuss. The responses to this section indicated what MPs believed were the major factors in the 1996 government formation negotiations. They also allow analysis of what parties perceived were important to them, and what parties thought about each other. A third of respondents refused to discuss other parties at all, whereas another third were willing to discuss one other party. The remaining third had no problem discussing all parties. One point that must be made is the reticence of non-Labour MPs to discuss at all, as reflected in Table 4.2. This skew has obvious methodological implications in that the opinions of non-Labour MPs may be under represented to some degree in the results.

National Party MPs

In question five, National MPs chose policy as the chief factor in the 1996 negotiations; however, as has already been discussed policy does not provide a great deal of insight as it means different things to different MPs and their parties. The responses to question six indicated that National's aim in 1996 was to maintain power at a reasonable policy cost in order to protect the policies it had already put in place. This was revealed by the linking of policy with the second most highly ranked factor, that of "gaining power". Sir Douglas Graham put it succinctly when he said, "we had certain policies that we believed in and we wanted to make certain that they were followed...whether you say that equates with power, no matter what, is another way of putting it, but nobody comes to parliament to be in Opposition" (interview 16/2/99). This sentiment was echoed by over 75% of all MPs interviewed, as the following quotes illustrate:

> Politics is about power, and you are powerless in Opposition, and if you are not in power you cannot control the policy initiatives you have put in place.
>
> Eric Roy (interview 17/2/99)

> Power, power they (National) don't think about very much else except being in government.
>
> Helen Clark (interview 17/2/99)

> They would get into bed with the devil to get power, they had no scruples.
>
> Neil Kirton (interview 16/2/99)

National's "trading policy to protect policy" strategy may appear a contradiction, but as Bill Birch pointed out, "an elected government's primary role is administration" (interview 16/2/99). Therefore, if a party already has a great deal of preferred legislation in place, administration of standing legislation becomes more important than implementation of new legislation. Additionally, the coalition agreement signed with NZF stated that if for any reason an agreement on policy could not be reached, then the status quo should remain[213]. This stipulation favoured National, as for the previous six years it had determined what constituted the status quo.

Another element which must be mentioned in this "power and policy" strategy was the place "office" played in the negotiation. If one conceptualises the primary goal as power to facilitate policy continuation, then the distribution of executive office becomes another currency to achieve this goal. In this respect, National was far more willing to "purchase" power by giving the junior partner more positions than its representation in parliament warranted. The following excerpt from an interview with a National MP reflects this suggestion:

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[213] The Coalition Agreement, section 5.1, p.7.

> I think we were successful and the others weren't, is because we held pretty tightly onto (established) policy but gave away significant opportunities for the other party to be in cabinet and to be recognised disproportionately in the executive process.
>
> *Question: You compensated for policy by giving them office?*
>
> Yes, better offices, you name it we did it.
>
> Anonymous National MP

After policy and power, the next most highly ranked factors were personality clashes, trust and future elections. Many National MPs had anticipated that Bolger and Peters could not work together (i.e., that there was very little trust in the relationship with NZF). Other anticipated problems were future elections, as National MPs were afraid that an association with NZF could lose them future electoral support. However, these factors - personality clashes, trust, future elections and even party cohesion - were arguably peripheral concerns for National in 1996. The primary goal was to remain in power and National adopted a pragmatic approach to achieve this goal. As Sir Douglas Graham and others reiterated time and time again, you need to be in power to get anything done and being in Opposition leaves you powerless.

Labour Party MPs

Labour MPs cited policy as the chief factor for their party in the 1996 government formation negotiations, followed by trust, party cohesion and future elections. Many Labour MPs said they went into the negotiations with a firm set of policies that could not be abandoned. One Labour MP admitted that their party's negotiators had been "hard-nosed" in the meeting with NZF because "They were told to be. There was a very interesting meeting between caucus and the NZ Council. And we set down three

base lines we wouldn't move on" (anonymous Labour MP). This "hard-nosed" approach was confirmed by four NZF MPs when they expressed frustration over the 1996 negotiations with Labour.

The reasons for Labour's "hard-nosed approach" stemmed from concerns over party cohesion and future elections. There was a general belief amongst Labour MPs that a rebuilding phase had recently been completed after the "dark years of the 80s", and giving too much away in negotiations with NZF could undermine the party again. Information to support the above suggestion can be found in some of the reasons why Labour was unwilling to give Winston Peters the post of Treasurer. If Peters had been given the Treasury position in a Labour/NZF coalition, Michael Cullen would have missed out on the portfolio, or had the value of the finance portfolio undermined. If this had happened then problems within Labour may have boiled over as "it was not long after an attempt to unsettle the Labour leadership led by Cullen, therefore (more so than now) he was seen to represent one faction in caucus" (anonymous Labour MP). Therefore, in order to maintain the unity of caucus Michael Cullen had to have the treasury post, as internal party cohesion was of paramount importance to the Labour party[214].

New Zealand First MPs

In line with all the other parties, eight out of the nine past and present NZF MPs interviewed chose policy as the main factor for their party in the 1996 negotiations. However, just as for National, NZF's commitment to policy was tempered by the pragmatic acknowledgement that you have to be in government to get anything done.

As Winston Peters pointed out, "what are you in politics for, some sort of sounding board or are you going to do something?" (interview 18/1/99). In addition to choosing policy, NZF MPs ranked three other factors as important in 1996: the necessity of office for resources, the need to gain experience, and the distribution of parliamentary numbers.

The "office for resources" factor comes from the perceived "resource deficit" a third party has due to its small parliamentary size. NZF believed that the lack of resources allocated by parliamentary services undermines any third party's ability to research, write and assess policy within a coalition. Exacerbating this need was a perceived lack of trust between NZF and its coalition partner. As Peters said, "No minority party will ever take a position in a coalition government without putting themselves right next to the Treasury, because you never know what's going on otherwise" (interview 18/2/99). Information to support this statement comes from an unlikely source, Bill Birch. He said, "The fact was Peters wanted to be Treasurer, and the influence that it carries. And I can understand that. A party that was inviting itself into a coalition agreement wanted to have access to all the economic and fiscal advice of government; that's understandable" (interview 16/2/99).

The factor of wanting to "gain experience in office" was another reason why NZF MPs were willing to swap policies for cabinet posts. As the following quote highlights, all NZF MPs with the exception of Peters lacked experience as MPs let alone as government ministers. As one NZF MP said, "we wanted to maximise our opportunity to get expertise as ministers, we wanted the experience of senior office for the good of the party. We[215] didn't think about career advancement, we wanted the

[214] Some said it was because Winston Peters couldn't do the job, but Labour also had the option to sideline this position with a finance portfolio as National did, thus this argument seemed weak at best.

knowledge and experience as quickly as we could" (anonymous). Unsurprisingly, non - NZF MPs were not as charitable: they overwhelmingly believed NZF did not really have many policies, that they only wanted to advance their careers via office, and that Winston Peters wanted the treasury for personal career reasons.

Another factor of central importance to NZF in the 1996 government formation negotiations was simply "the numbers". If NZF had formed a 54 seat minority coalition government with Labour, then Jim Anderton and the Alliance would have held the balance of power. This was unacceptable to many NZF MPs as they saw the Alliance as a "bunch of ning nongs" (sic) (anonymous). Furthermore, they did not believe that the Alliance's party cohesion was sufficiently strong as Jim Anderton did not "command that group of flakies" (sic) (anonymous). Lastly, many MPs from all parties noted that it would have been easier for Winston Peters to work with Jim Bolger (rather than Jim Anderton and Helen Clark) due to personality conflicts and gender issues. Whether this was true is difficult to ascertain, but that was the perception amongst 20% of interviewed MPs.

In summary, the factors which MPs believed were important in the 1996 government formation negotiations appear on the surface the same for each party. On closer analysis however, they differ. This reflects and reinforces the results from questions three and four; that in reality policy is not always the central element in formation negotiations. As the above research has revealed each party in the 1996 government formation negotiations faced different constraints which defined their priorities. In each case the importance of policy appears to have been weakened by other factors.

For example, policy for the National Party revolved around administering current legislation in order to carry out their mandate largely via ministerial direction.

Such things as party cohesion and future elections were not that important. As Bill Birch said, "I don't think future elections are even on your mind in a coalition agreement, you have just concluded an election and the next election is a long away" (interview 16/2/99). National's primary goal was to remain in power and the currencies of future policy and office gave them the flexibility to do so. Labour did not have this flexibility. They had to worry about party cohesion and future elections. For them the goal of attaining power was subordinate to the goal of maintaining a viable political force in the future . Finally, NZF wanted ministerial offices in order to gain much needed experience of government. Additionally, it wanted the new Treasury portfolio to redress the perceived "resource deficit" a third party faces. Therefore, like National, policy was balanced and perhaps subordinated by NZF's other goals.

4.1.4 Costs and Benefits of Coalition and Minority Governments.

The following section looks at the perceived costs and benefits of minority and coalition governments. The rationale behind this was to find the perceptions of MPs as a group, as well as to ascertain differences in perceptions between MPs from major parties and those from third parties. The questions were grouped into four topic areas, and although most of the questions could be answered with either a "yes" or "no", prompting always followed so that MPs had to justify their answers. It was through prompting that the greatest amount of information was gained, affording a valuable insight into the perceptions of the MPs interviewed.

Topic 1: ***Third parties supporting*** a minority government.

1 - Putting aside differences in leadership and personalities, do you believe a third party has more policy influence over a government by remaining outside a coalition?

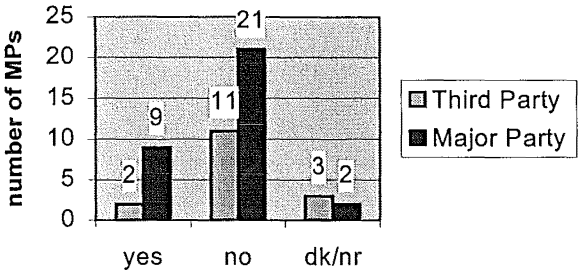


Figure 4.4

The graph indicates that the vast majority of MPs believe a third party does not have more influence outside a government. The reasons given for this were first, when standing outside and supporting a minority government the supporting party only has the ability to stop and amend policy, but not influence policy formation. Second, if a supporting party does manage to get some policy through cabinet, it cannot control its implementation through the ministries. Significantly, all leaders, cabinet ministers and shadow cabinet ministers that were interviewed agreed with these reasons, as well as, the general conclusion that a third party has to be in government to maximise policy influence.

Bill Birch was adamant on this point saying, "No, of course it doesn't (have more policy influence outside), it's a much more workable arrangement if you are in a coalition, you make compromises" (interview 10/2/99). Helen Clark was equally adamant . Her response to the question of whether one has to be in cabinet was clear, "Yes, absolutely. That's where I think the Alliance had the wrong end of the stick in the

approach they used to take. I think that they have now worked out that being part of government was very important. They used to say it didn't matter who was in government. Parliament can rule, but the executive rules" (interview 17/2/99).

Helen Clark's subsequent response suggested the strongest reason why a third party should consider participating in government: "The truth is so many things a government does, do not come to Parliament. So many things you can only achieve by virtue of holding executive office" (interview 17/2/99). This statement fits closely with Bill Birch's view that a great deal of policy can be implemented via ministerial direction without the need for legislation. Consequently, if this suggestion is applied to the question under discussion, the more policy implemented via ministerial direction the greater the need for a third party to be in cabinet. If the amount of legislation is reduced thanks to ministerial decisions, then the power to influence policy by a third party is also reduced. This holds true for both supporting third parties in the centre and third parties on the wings of the political spectrum.

Another reason why supporting a minority government is not seen as optimal was suggested by Ron Marks, Winston Peters and Peter Dunne. They all saw the lack of resources for a third party as undermining their ability to evaluate and research legislation they may be asked to support[216]. As Winston Peters said, "You wouldn't attempt to regulate government from the outside, you would be under an enormous disadvantage of lack of resources"(interview 18/2/99). Third parties rely very heavily on the information presented to them by the party they are supporting. In effect, this resource deficit forces a third party to trust the government it is supporting to a significant degree.

2 - Do you believe a third party can avoid associational costs at the following election by supporting a minority government rather than joining a coalition?

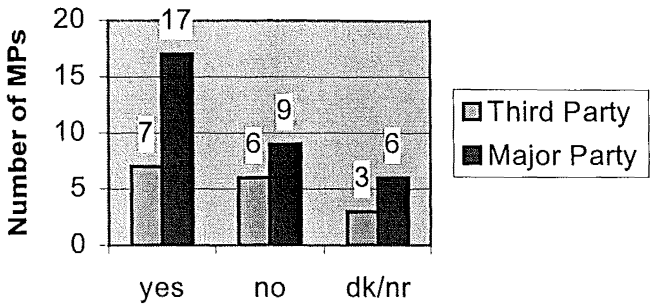


Figure 4.5

The replies to question two indicate that overall a majority of MPs believe a third party can avoid associational costs at the following election by supporting a minority government. However, MPs from third parties were almost evenly split on the issue. One third party MP, Rodney Hide, gave one of the frankest responses to this question. He believes that you cannot avoid associational costs in the long term, "as the public aren't that gullible". However, a large proportion of MPs who belong to major parties believe a third party can avoid associational costs by staying outside a government. Unsurprisingly, it appears that the type of party an MP belongs to significantly colours perceptions on this issue.

[216] Both leaders felt that every party has a base level of needs for personnel and resources, whether you have one MP or five, and that the present allocation of resources doesn't acknowledge this.

3 - Is a third party able to maintain party cohesion better by supporting a minority party as opposed to joining a coalition?

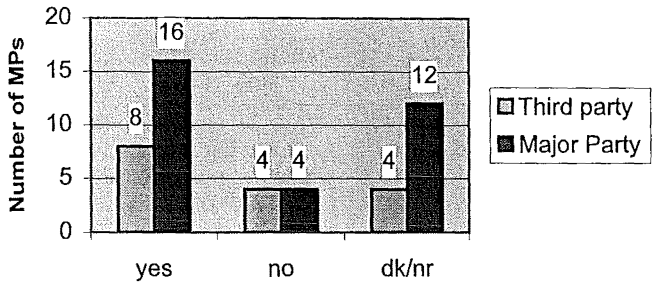


Figure 4.6

The graph indicates that the majority of MPs believe that a third party can maintain cohesion at a higher level by supporting a minority government. These two opposing opinions were based on two main beliefs. First, that being in power binds a third party together, with the example of the Greens leaving the Alliance as a somewhat tenuous example of what happens without the trappings of power. The second belief that power is actually a divisive force was based on the case of NZF splitting. Interestingly, the third party leaders had different opinions. One said that being in government increased party cohesion through the responsibilities of power, whilst another said the opposite. A third chose "don't know". Therefore one conclusion to be drawn is that one out of every two MPs agrees with this proposition. They believe that it is easier for a third party to maintain cohesion if it is not in a formal working relationship with another party, like that found in a coalition government.

4 - How important is the ability to criticise a government for a supporting party?

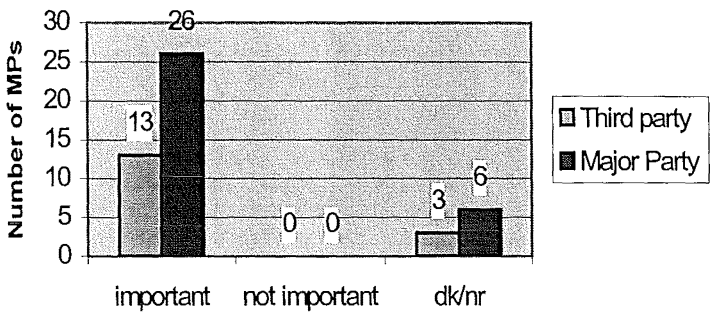


Figure 4.7

As the graph indicates, the overwhelming perception amongst MPs is that a supporting third party needs the ability to criticise a government. Many of the responses were, "its critical", or "vital". When asked "why?" the common response was "branding". MPs believe that a supporting third party must criticise the government in order to maintain their branding and keep their "niche constituency". For example, Doug Graham said, "It's politically very necessary, if it becomes just a pale imitation (of the government) it's doomed" (interview 16/2/99). Peter Dunne was one third party MP who believed it was very important, but noted that the way in which a third party criticises the government is the key question. As he saw it, criticism has to satisfy the goal of highlighting your difference from the government without undermining a working relationship. Michael Cullen said something similar, in that he believed it was important, but could only work if both parties had agreed protocols to follow. In this respect, it appears a culture needs to develop amongst the parties and the media in order for "criticism" of this sort to help branding without creating government crisis and instability.

Topic 2: A ***single party minority*** government.

1 - Assuming a minority government can maintain its identity better than if it went into a coalition, are there any negative aspects of maintaining such an identity?

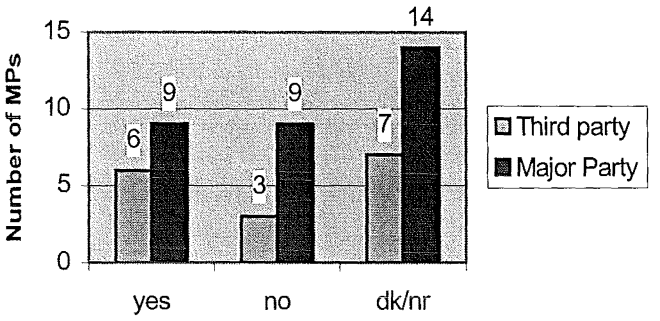


Figure 4.8

The responses to this question were evenly split for major party respondents. For those who said "yes" branding was an issue. For those who said "no" being solely to blame "when things went wrong" was a central concern. The second most frequent response was "don't know", and this seemed to be due to the lack of experience MPs have had with single party minority governments. Despite the apparent lack of a decisive trend, it was apparent that the question of identity was very important to MPs. For those who answered in the affirmative, the concern was that the single party minority government would get all the blame for unpopular reforms and that they would be seen as "weak" due to the high level of compromise this type of government was perceived to require. For those who answered negatively the belief was that any government that allows a party to present its own branding in isolation must be more advantageous than one having to take into consideration a coalition partner.

2 - A minority government has to look for a majority on a case by case basis, do you believe this is a strength or weakness?

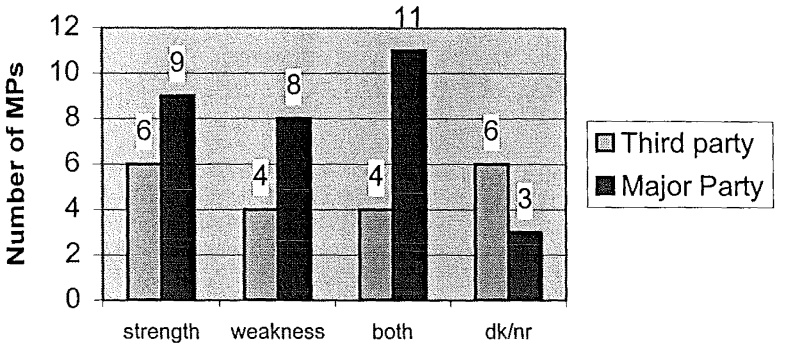


Figure 4.9

The responses to this question also did not fit into any clear pattern. For example, MPs who chose majority government later on in the questionnaire would answer, "strength" while those who said they were supporters of MMP would say "weakness". Overall, the two biggest responses were "strength" and "both". Those who answered "both" believed it was better to have legislation slowed down as it is receives greater consideration. They also believed it was a weakness when legislation could not be passed quickly in response to sudden economic changes. For example, Bill Birch said, "... in some cases it's a weakness, it could actually bring to a halt very important reforms, and reforms are generally unpopular" (interview 16/2/99).

One surprising answer came from John Carter, the National Party Whip. The author anticipated that a whip would be against a case by case approach to legislation because of the extra amount of work involved, especially a whip in a minority coalition government. However, his response was, "A strength funnily enough, because we really do have to sit down and work hard on it. It's a pain in the backside, make no

mistake about that and a huge amount of work compared to when we were a single caucus" (interview 10/2/99). It appears John Carter has to deal with *Realpolitik* in an environment that may be adapting to an MMP culture. Another MP whose response summarises the opinions of many was Steve Maharey. He said, "I can see lots of pluses for a minority government having to build legislation case by case. But you have to have a pretty sophisticated culture for that, and I don't know whether we are going to have that in this country for quite some time" (interview 16/2/99).

Topic 3: A ***junior partner*** within a ***majority coalition***

1- Is the influence a senior partner can have on a junior partner's MPs an important consideration for the junior partner?

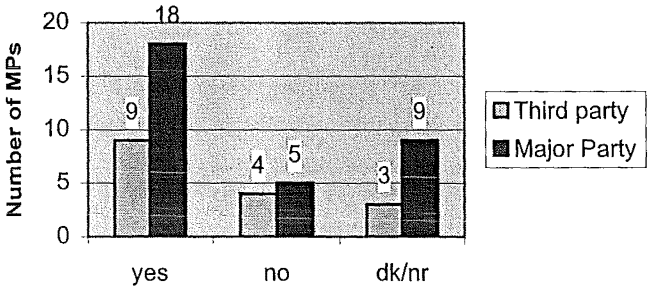


Figure 4.10

As the graph indicates, the majority of MPs agreed with this suggestion. When prompted as to why they agreed many pointed to the case of NZF and how National had "split" them by offering cabinet positions to NZF defectors. One senior MP intimately involved in the National/NZF divorce replied, "I'd never admit to that, but one always has to be mindful of the strategies and tactics of your partner...major parties forever and a day will deny that they undermine their junior coalition partner, (but) brand spanking

new parties that find themselves in a coalition with well established parties are always going to have this problem" (anonymous).

2 - Do you believe the doctrine of collective cabinet responsibility, as it is presently practised, forces the junior partner to support policy it might not wish to?

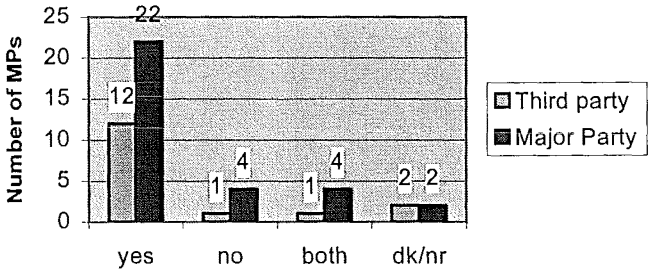


Figure 4.11

The response to this question was fairly conclusive. A significant majority of those interviewed believed collective cabinet responsibility (CCR) as it is presently practised forces the junior coalition partner to support policy that it otherwise might not wish to. This question and the following one, elicited the most wide ranging responses and prompted MPs to discuss the cabinet manual, coalition agreements and constitutional matters. One MP who said "no" to this question was Winston Peters. He believes that the doctrine binds both partners equally as, "those things (policies) should be signed into the coalition agreement, so having signed the coalition agreement that question has already been confronted" (interview 18/2/99). In effect, he believes that the coalition document superseded the cabinet manual[217], and that National had subsequently acted in

[217] Although this is not explicitly set out in the Coalition Agreement, section 7 suggests that this document supersedes the Cabinet Manual, especially stipulation 7.3.d.x , p.8.

bad faith. The discussion on this topic led quickly to the next question on CCR and is discussed in more detail below.

3 - Is the doctrine of collective cabinet responsibility a valid practice in coalition government?

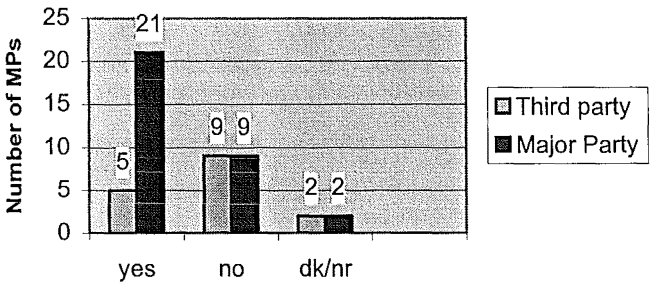


Figure 4.12

Overall the results are quite clear. A majority of major party MPs support the doctrine of CCR, whereas a majority of third party MPs believe the doctrine of CCR is not a valid practice in a coalition. For example, MPs such as Bill Birch, Doug Graham and Jonathan Hunt were very clear in their views and stated that there is no other way to run cabinet (i.e.,: decisions have to be made; they must be binding on cabinet; and, no member of government should publicly dissent). However, there were also significant numbers of MPs who said that while CCR is valid it needs to be modified. Also, there were significant numbers of MPs who said "no" but still believed CCR should be modified. In reality, these two groups are the similar, except that the first group does not perceive that "modifying" CCR actually changes the doctrine.

Labour and the Alliance had the largest group of MPs who believed CCR should be modified. It appears that work is under way between the two parties to put in place processes that enable a junior coalition partner to stand outside of the government they

are a part of and criticise policy. For example, Jim Anderton's response to the question "So you can criticise the government you are part of?" was, "You don't have to criticise the government, you can criticise the policies" (interview 1/2/99). However, this perception would seem to draw a very fine line between government and policies, and if implemented would in effect replace CCR.

Logically, Jim Anderton and others like him, do not believe that CCR (as it is presently practised) is a valid doctrine in coalition government. Michael Cullen also intimated that CCR is no longer a valid practice in coalition government when he said, "I think it (CCR) has to be regarded as somewhat looser. I don't think a junior partner can go out and directly attack a policy as wrong, that's rather strange. But it's perfectly legitimate to say we would rather have done this or that, but this is the best deal we can get for the moment, but our policy still remains x y z and that's what we told the public before the election" (interview 17/2/99). If a change did occur as suggested by Michael Cullen, then the doctrine would be effectively negated, as it is impossible to say CCR exists when each partner can publicly disagree with cabinet policy.

An associated question that arose was whether a coalition agreement has precedence over the Cabinet Manual. It would appear from what happened in the NZF/National coalition that the Cabinet Manual has precedence, and is set in "constitutional stone". In reality, the Cabinet Manual is a document written by the cabinet secretary and largely based upon constitutional conventions which can be changed on the direction of the Prime Minister. Therefore, if a junior partner wants to balance the power basis within a coalition, the Cabinet Manual can be jointly altered by the coalition partners to ensure that the written executive procedures complement and not undermine the coalition document.

In summary, when these answers are combined with the previous answer, the resulting conclusion is that 69% of all MPs interviewed believe CCR forces a junior partner to support policy it may not wish to. It also shows that 66% of MPs from major parties are quite happy with this and see CCR as a valid practice. Unfortunately, this perception is not held by 69% of MPs from third parties who believe CCR is not a valid practice in coalition government. Therefore, the responses to these two questions indicate that there is an area of contention between potential junior and senior partners. Its nexus is an FPP generated and refined process that has been continued under MMP.

Topic 4: The ***senior party*** in a ***majority coalition***.

1 - Do you believe party cohesion is harder to attain and maintain within a coalition?

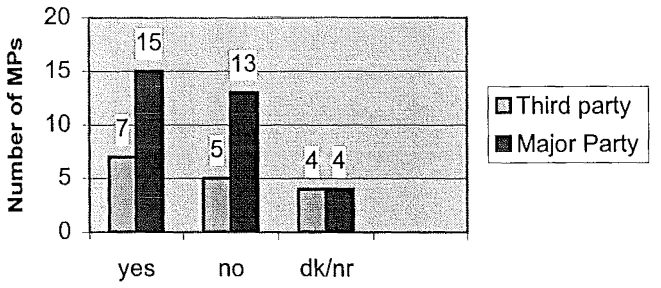


Figure 4.13

This graph shows that opinion on this question is almost evenly split. However, those who answered in the affirmative gave compelling reasons why senior parties may find party cohesion more problematic in the future. The most obvious reason why cohesion is affected by a coalition comes from the resentment some major party backbenchers have about the lack of advancement opportunities. One National backbencher, in

response to this question replied, "Yes, let's face it there is a huge amount of pain when you see first timers get portfolios and you don't...and then your PM sings the praises of coalition MPs who have been given that opportunity!" (anonymous interview).

A second reason can be attributed to the discontent backbenchers feel from being superseded by their junior coalition partner. A number of National MPs expressed discontent about having to deal with NZF in the first instance and then having their own proposals turned down by cabinet only to see similar proposals from the NZF caucus given consideration. More than one National MP indicated that this situation played a significant part in Jim Bolger's removal. The comment was that if he had been "closer to his own caucus" then he would not have been replaced.

The third and most significant finding regarding cohesion reveals why a senior party may find cohesion harder to maintain in a coalition: the possibility of inter-caucus solidarity. Two Labour MPs said, "I might find a closer alliance as a backbencher MP to somebody in the minority party than I might do to someone in my own party" (anonymous interview). This attitude was elaborated on in the questionnaire's last section, and the following interview excerpts highlight how inter-caucus solidarity has the potential to weaken senior party cohesion.

> I'd want a majority coalition, because I want to work with people on the left of me on certain issues...(if) we are looking at a caucus that has grown inside the Labour party by another 7 people, those 7 people are to the right faction of our party, then I am going to want a minority partner to the left of me.
>
> *So you are saying the internal distribution of power in the Labour party would push you to a position of wanting the left involved, otherwise you are going to be rolled by the right of your party?*
>
> Yes
>
> *So you are thinking in policy terms as opposed to party terms?*
>
> yes (anonymous interview)

2- Do you believe that a coalition government shares the responsibility for unpopular policies evenly between the junior and senior partners.

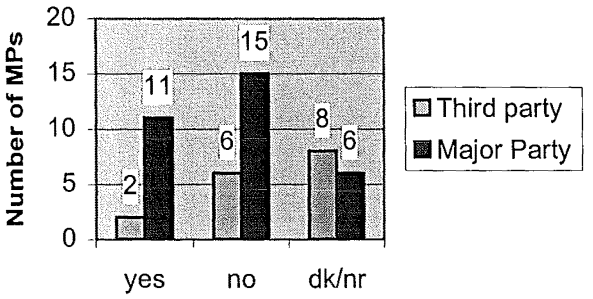


Figure 4.14

This question was aimed at discovering whether MPs believe there is a systemic disadvantage in terms of responsibility for either coalition partner. The results indicate that 21 MPs who had an opinion believe responsibility is shared unevenly between coalition partners. For example, members of third parties (or potential junior partners) who answered "no" believed they were unfairly treated and received most of the blame for unpopular policies. Similarly, members of main parties who also answered "no" believe that senior partners receive most of the blame[218].

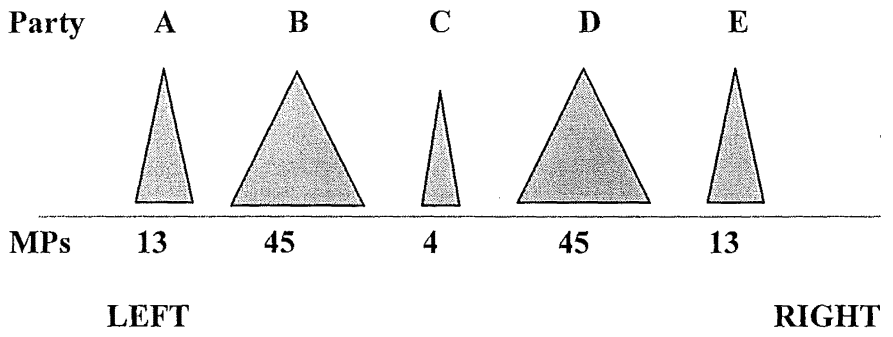
More specifically, of the 10 National MPs who gave an opinion, 7 said "no" and believed that the senior partner takes the blame for unpopular decisions. The 16 Labour MPs who gave an opinion on the other hand, were evenly split on the issue. Thus, one conclusion to be drawn is that National's coalition experience has led them to believe that the senior partner in a coalition takes more responsibility for unpopular decisions. The other MPs are evenly split on the issue or simply don't know.

[218]However, one woman National MP said she believed that junior partners "got the rough end of the stick".

In summary, this section highlighted some of the important perceptions regarding the costs and benefits of supporting a minority government or joining a coalition government, both from the perspective of MPs as a whole and according to party types. The most important findings in terms of this study are: (a) the necessity for a third party to participate in a coalition to maximise policy influence; (b) the importance for a supporting party to be able to criticise the government; (c) major parties believe CCR is still a valid practice in coalition situations, but junior partners see it as a means of forcing them into supporting policy they may be unhappy with; and (d), the problems faced by all parties in maintaining cohesion.

4.1.5 The Scenario: MPs Choose Coalition or Minority Government

A Possible Outcome With Parliamentary Numbers and Party Positions



Choose one party from the scenario above which you think best reflects your party's ideological position as perceived by voters and the media as well as yourself.

Chosen Party □

From the above scenario, taking into consideration the parliamentary representation of each party and the individual MPs themselves, what type of government outcome would you prefer and why (i.e., majority coalition, minority coalition, single party minority etc) ?

MP's Preferred Government Type
Based On A Given Scenario

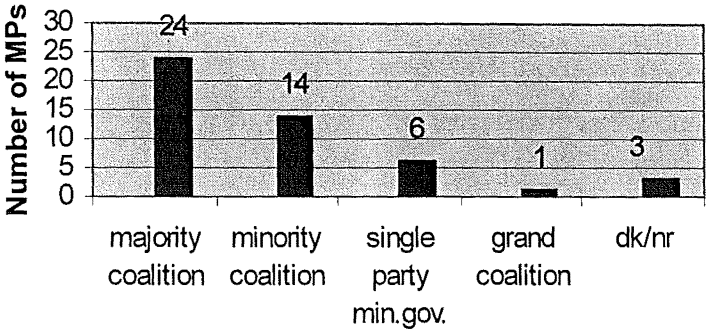


Figure 4.15

The results shown in Figure 4.15 show the type of government MPs preferred from this particular scenario. Most MPs thought the distribution of parliamentary seats in the scenario was one that might in fact occur after the next election. However, this was not its intention. The parliamentary numbers were chosen so that both National and Labour MPs had the same scenario to work with (i.e., so that both could form a variety of government types if they so wished). The biggest problems MPs had with this question were the party positions on the five-point left to right ideological scale. A number of MPs from both main parties attempted to say they could not answer the question as "their" party included the centre. However, when the phrase "as perceived by voters and the media as well as yourself" was restated their initial reticence disappeared.

Overall, 24 of the 46 MPs (52%) who answered this question preferred a majority coalition of either A/B/C or C/D/E. The main reasons given for this were: (a) that it is better to have a parliamentary majority so that "your" legislation can go through the house; (b) because disagreement over policy is kept behind closed doors; and (c), a majority government has the greatest pool of MPs from which to choose a cabinet. The above reasons would seem to indicate that MPs favour a majority coalition

government. In many ways, this attitude reflects the long histories of most MPs under the FPP electoral system.

Of the 24 MPs who choose a majority coalition government, only 3 came from National. National's other 9 MPs chose minority government of some form, either a single party minority government (6) or a minority coalition D/E (3). The reasons given for the minority options preference stretched from the magnanimous "it gives more flexibility to the smaller parties" (anonymous interview), to perhaps the more realistic response, "our experience has shown it's much more workable not having a detailed coalition agreement" (anonymous interview). Additionally, a large proportion of National MPs believed that smaller parties have more influence inside a coalition, therefore why let them in? When this is combined with the belief that a minority single party government is more "workable" because they have all the cabinet posts, a pattern emerges. This pattern supports the conclusion that National's experience over the last two years has led it to believe it is better for a major party to run a minority government, as it maximises policy influence at the expense of the minor parties. Furthermore, this conclusion is consistent with National's pragmatic focus on the maximisation of power in order to maintain the status quo and maximise policy influence.

Labour Party MPs preferred a majority coalition government of A/B/C (for the reasons suggested earlier), or a minority coalition A/B. The A/B preference was based on the belief that in order to do well in the next three or four terms, a relationship has to be nurtured with the Alliance, and that the centre party C will not exist in any significant numbers. In fact, a number of Labour MPs indicated that even if Labour won an outright majority it would like to work closely with the Alliance[219]. However, when prompting respondents on what they meant by "working closely" it became

[219] Although, these same MPs acknowledged that that was unlikely under MMP.

apparent that this ranged from "consultation" to cabinet posts. In other words the details of such an arrangement were vague.

One prompt question that was put to all major party MPs who chose to coalesce with a third party to their left or right, attempted to uncover the degree of power they perceived a wing third party (i.e., one that is ideologically placed on the outside of a major party) had in the scenario. Without exception, the responses indicated that a wing third party is perceived to be lacking in any significant power. The following interview excerpts from a senior Labour Party MP illuminates this point:

> *Question: One would anticipate that with 13 seats, party 'A' has a strong hand, but the reality of the situation is that if they bring down a government, they are only helping the right, so their strength is really very minimal.*
>
> That's absolutely right, and that has been the case in Sweden. They did bring down the government in 1990.
>
> *Question: And did the electorate see them as irresponsible?*
>
> That's right.
>
> *Question: So really the Alliance or any wing party has minimal power?*
>
> Yes, but its not in the interest of the large centre party to rub that in.
>
> (anonymous interview)

Although these sentiments reflect the general attitude many MPs have about wing third parties, it has to be qualified to some extent. If any third party (i.e., wing or centre) decides to bring down the government on an issue of populist appeal, then the outcome is anticipated to be positive for that third party. This point was made a number of times by senior MPs from all parties. Thus, the power of all third parties to influence a government from the outside rests with their ability to threaten an election. However,

this threat is seen as empty unless the major party implements, or tries to implement, policy that is very unpopular.

MPs from both wing and centre third parties agreed with this logic, acknowledging the relative powerlessness of their position. Presumably, this is one reason why they believe it is better to be inside a coalition as opposed to supporting a minority government. Rodney Hide, an ACT MP and one of the better placed individuals to comment on this situation said "You would think we have more power by being outside the government, because here we are; we have done no deal; we don't take responsibility for the government, but at the end of the day there is only one thing that you can do and that's put a gun to their head and shoot them and that's a big step...causing an election is a big deal" (interview 8/2/99).

The limited power of a wing party stems from it only having one party to support or coalesce with. However, as was noted by six MPs this is not true for a centre third party in a situation where it can theoretically form a government with major parties to their right or left. This additional option allows a centre party to defeat a government it may have been supporting formally or informally without holding an election. It can then participate in the formation of another government, or allow another government to be formed.

This increase in options directly correlates to an increase in negotiating power, and means a centre third party is more powerful than a wing party even, if it has less parliamentary seats. A wing third party has the ability to defeat policies favoured by the government without bringing it down ,and therefore has a certain amount of influence or negotiating power. However, this tactic has to be used very carefully otherwise the wing party can make its closest ally look like a "lame duck" administration and negatively affect both parties' chances at the next election.

In summary, the results discussed in this section reinforce the conclusions drawn from earlier sections and indicate that there is a commonality of perceptions amongst significant numbers of MPs. It also suggests that each party has a preferred type of government outcome, and the type of party an MP belongs to (i.e., whether you are in a third party or a major party) influences which type of government is preferred. This section also highlights the perceived powerlessness of wing parties *vis-à-vis* major parties. Collectively, the findings of this section in combination with previous section, allow certain conclusions to be reached about government formation in New Zealand. These conclusions are presented in the following section.

4.2 Conclusion

The results from the questionnaires first section indicated, that MPs believed minority and coalition governments between 1993 and 1999 have been exceptional or a poor indication of how governments will operate under MMP. When this is compared with the 1996 findings of Church, it appears that MPs have changed their minds. In Church's study the majority of MPs believed that the three years between 1993-1996 were a good indication of how minority and coalition governments would operate under MMP. This suggests that the first two years of MMP has created a steep learning curve for New Zealand's parliamentarians and that they do not anticipate making the same mistakes twice. Neither do they believe MPs will learn to act more suitably in the future.

The answers to the second question in this section revealed another change in attitudes. While Church's surveys put majority coalitions as the most likely government outcome in the future, this study indicates the number of MPs considering minority

options has increased. When this is seen in conjunction with responses from the scenario in section four, it is possible to say that minority options are more likely in the future. This trend would probably appear even stronger if more National MPs had been interviewed *vis-à-vis* Labour and third party MPs, as MPs from National seemed far more likely to choose a minority option of some description.

The second section looked at what *should* be important in coalition formation negotiations and what *was* important in the 1996 negotiations. Unsurprisingly, policy was chosen as the most important factor overall. However, each party prioritised policy in a substantially different way. This research suggests that MPs believe policy should be the focus in coalition formation negotiations, but the experiences from 1996 indicated that in reality policy goals were undermined by many other factors. For example, in 1996 Labour had to keep very closely to its promised election mandate, fearing future electoral losses. Labour was also constrained by the need to maintain a high level of party cohesion that precluded swapping policy for office. National did not have these constraints and was focused on gaining the government benches; it swapped future policy and office to protect six years of policy change. In retrospect, it appears NZF chose to ignore party cohesion and future elections in order to gain office (i.e., for experience, or possibly individual career advancement).

Therefore, the 1996 experience indicates that policy was not the most important factor in the coalition negotiations and that: (a) a party's recent internal history has a great bearing on negotiations due to the constraints it places on its present bargaining position; (b) whether or not a party is in government, and how long it has been part of government, has a significant impact on the negotiations; and (c), the level of pragmatism within a party regarding the acquisition of power is vitally important to the

flexibility of a bargaining position and the prioritising of policy goals *vis-à-vis* other goals.

The responses to the third section of the questionnaire revealed many of the trade-offs parties make when considering coalition or minority governments. The first question received a very clear response confirming that policy influence can only be maximised from inside a coalition. The reasons for this are compelling. Within a coalition, a third party has the ability to affect legislation as it is being created and then guide it through the ministries. Also, within a coalition a third party has more resources[220] which is an important consideration. It appears that third parties in New Zealand operate under a resource deficit when in parliament. However, the most compelling reason to participate in government comes from the majority party's ability to implement policy by ministerial direction, thereby minimising the power of the house and the significance of a third parties' parliamentary representation.

MPs also believe that a third party needs to criticise a government in order to maintain its branding. This question was asked from the perspective of a third party supporting a minority government, and the answers reveal that it is critical for third parties to differentiate themselves from their closest rivals. Intuitively, it would seem that a third party needs to worry more about branding when in a coalition as it has a bigger problem with maintaining its own identity. However, this necessity for a third party to maintain its identity has not yet developed into a culture whereby criticism of a senior partner can be made without causing problems with working relationships and government stability. In this respect a proper MMP culture has yet to develop amongst parties and the media.

[220] These resources refer to the logistical support provided by the public service.

This subject connects with another theme, the doctrine of collective cabinet responsibility. Overwhelmingly, MPs believe CCR forces a third party to support policy it does not want to, but nonetheless they believe it is still a valid practise in coalition government. These perceptions appear to run counter to the earlier acceptance that a third party needs to maintain its branding, as the doctrine of CCR is a mechanism by which the senior partner can dominate its junior partner. Therefore, MPs believe that a third party must remain a distinct political force, but are unwilling to change the old FPP structure of executive government to accommodate that change. This observation must, of course, take into account the moves by Labour and the Alliance to construct a format that allows a third party to be part of a majority coalition government yet distance themselves from some policy outcomes.

The final theme in section three was party cohesion, with three questions eliciting similar perceptions from all party types. Unsurprisingly, the perception persists that a third party has to be extremely careful about party cohesion within a coalition. The most significant finding, however, was the problem the major parties may have with cohesion due to inter-party caucus alliances. For example, if the left wing of the Labour party decides to work with the Alliance caucus, then Labour party cohesion is weakened. This introduces another element into the coalition versus minority government assessment, namely, that if a party's own backbenchers work with a coalition partner's caucus against their own, then that party's parliamentary hierarchy is undermined.

The final section revealed that most MPs still desire a majority coalition, as it makes passing legislation easier or more efficient. If this preference is combined with party types, it is possible to conclude that: third parties whilst accepting the problems with branding and CCR, would still prefer to be in a majority coalition as they

maximise policy influence, gain office and resources. For major parties the same conclusion cannot be reached. The responses to the scenario and earlier questions indicate that Labour MPs prefer majority coalition government whereas National MPs prefer minority options. The difference in preferences between the two major parties are attributable to the history of the parties themselves. Labour realises that it has a problematic relationship with the left and right wings of its party and that the Alliance is a necessary part of any future.

This understanding is reflected in the proposed changes to executive government structures that will enable the Alliance to be part of a coalition and still maintain its branding. This situation has found acceptance within Labour despite the realistic perception that a third wing party has very little power even with significant parliamentary numbers, unless it can threaten to cause an election on an issue of significant public popularity. National, on the other hand, does not see its future tied to any other party. It has experienced MMP from the government benches which has given it the view that minority options can work.

As this chapter has shown, the format of the questionnaire was loose enough to allow MPs to give detailed responses, while still being focused enough to keep them on the same themes. This allowed the perceptions of MPs to be explained in detail and has led to some important findings such as the differences between major parties and third parties, and differences between Labour, National and NZF. Additionally, the results from the questionnaire have highlighted which factors are deemed important in government formation negotiations and the different priority individual factors were given within each party. The next chapter examines these findings in the light of earlier theoretical notions, in order to test their accuracy, to see if amendments are required, and finally to make some recommendations.

Chapter 5

Conclusion: Theory Meets Practice

One of the goals of this study was to reflected the reality of general government formation. Another goal was to improve our understanding of New Zealand's political situation under MMP. Browne and Dreijmanis believe that to achieve such a goal an isomorphism has to be created between the analyst's conceptualisation and those of the actors in the real context[221]. The author believes an acceptable level of isomorphism was reached by achieving a 40% contact rate with the actors themselves, and by then using the resulting empirical information to re-evaluate the inductive theorising. In this chapter, the findings are summarised and indicate the accuracy and inaccuracy of the theoretical framework and suggests suitable amendments.

As has been noted, a major goal of this thesis was to reflect reality. Another important motivation was the perceived need to extend the theoretical research on general government formation and in particular, the current, political environment in New Zealand. Both these bodies of literature have gaps that need to be addressed, and this study has in some small way attempted to fill them. The process to achieve these aims began with the research proposition:

"That the introduction of MMP in New Zealand is likely to result in an increase in the number of single and multi-party minority governments".

[221] Browne and Dreijmanis, 1982, p. 338

The literature on government formation theories and specific minority theories was reviewed in order to uncover the most significant explanatory factors. This resulted in the identification of five components that were then employed in the construction of a theoretical framework on government formation. The framework was then used to generate a series of explanatory propositions in order to perform a cost/benefit analysis on specific types of government outcomes. The fourth chapter went one stage further, and transformed the theoretically derived propositions into a questionnaire that was administered to the group of individuals who constitute governments, the MPs themselves.

Specifically, the study gave solid support for the argument that minority outcomes are more likely because:

(a) the relative powerlessness[222] of wing third parties allows major parties to control outcomes and achieve goal maximisation in the parliamentary, electoral and internal party arenas;

(b) coalitions have negative consequences for all third parties as they have difficulty maintaining branding; and,

(c) controlling cabinet allows a major party to implement policy via ministerial direction and therefore maximise policy influence.

5.1 A Retrospective: The Literature Review

The literature review considered government formation theorists from different methodological backgrounds, focusing on how they explained both general government

[222] Relative when compared to a centre third party. However, wing parties still have the ability not to support legislation or commit themselves to support the major party on its inside if the Governor

formation and minority outcomes in particular. The literature review found five key factors which were considered the most important explanatory variables in government formation. The five factors were: (1) unitary actor and intra-party considerations; (2) policy space modelling; (3) formation arenas; (4) conceptions of the Opposition; and, (5) conceptions of time. Each one is briefly re-examined.

(1)Unitary actor and intra-party considerations. Pridham (1986) and Luebbert (1986) were among the first to question the unitary actor assumption in government formation theory. The findings of this study suggest they were correct to doubt the utility of the concept. The results of the questionnaire indicate that political parties should not be seen as unified groups, but rather as a collection of factions held together in a coalition. This was clearly reflected in discussions on party cohesion and from the information MPs offered on the 1996 formation negotiations. Therefore, any meaningful explanation of government formation that reflects reality must consider intra-party variables, and the effect it has on coalition formation negotiations through factors such as party cohesion and inter-caucus alliances.

(2) Policy Space Modelling. Laver and Budge (1992) challenged the value of policy based modelling in a comprehensive study. Their study indicated that policy has a reasonably simple impact on negotiations and that a party's policy position was non-static. The answers to the questionnaire indicated that: (a) each party has a different commitment to the amount of policy it is willing to trade in order to gain power; and (b), while policy is important, it is only one of many factors that must be considered in formation negotiations. Therefore, policy based modelling has minimal indicative

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General invites that party to form a government. However, this type of behaviour from a wing third

power because parties have non-static policy positions. Additionally, the suggestion that policy has a reasonably simple impact on negotiation was not supported in this study.

(3) Formation Arenas. The literature review revealed that both formal and comparative theorists believe that the parliamentary arena is the most important arena when explaining government formation outcomes. However, the results of the questionnaire indicate that MPs take a more holistic view, as they consider factors from other arenas such as party cohesion and future elections. This confirms the value of an organising framework that encompasses all three arenas (electoral, internal party and parliamentary) when explaining government formation outcomes.

(4) Conceptions of the Opposition. The notion of the Opposition has only been superficially categorised in the literature[223]. It usually refers to all non-governmental parties as the Opposition. This conceptualisation was undermined by the results of the questionnaire, where MPs clearly thought that a supporting party (whether it be a centre third party or a wing party) is not part of the Opposition even if it criticises the government. A third category is necessary to accurately describe parties which support a minority government on an informal basis. Therefore, the terms to be used in a multi-party parliament with a minority government should be: government party, Opposition parties and supporting parties[224].

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party would appear to be counter productive to its goal maximisation in all arenas.

[223] With the notable exception of Strom and Lubbert.

[224] see p.73 for the discussion on the range of support a third party can pledge.

(5) Conceptions of Time. The most recent theories on government formation conceptualise time as dynamic, as reflected in the works of Rommetvedt (1994) and Narud (1996). They discuss decision making as taking place under past and future considerations. This concept was examined in the questionnaire (see Q:5 and 6). In response, MPs indicated that past experiences and future elections played a significant part in their evaluation of particular government outcomes. This thesis confirms the conceptualisation of time as a dynamic element in government by identifying future constraints and past experiences as variables in government formation negotiations.

In summary, this thesis found that the five areas of focus were not sufficient to adequately explain government formation. For example, policy spaced modelling was confirmed as a relatively worthless exercise. The conceptualisation of formation arenas needs to be altered to include the electoral and internal party arenas, and (supporting) parties need to be described separately from traditional Opposition parties. The only components to be confirmed by the study were the dynamic conceptualisation of time and the non-unitary nature of parties, as suggested by the most recent literature. Therefore, this study's overall results go beyond those of the existing literature, identifying new variables and suggesting new avenues for conceptualising existing variables.

Another theme of the literature review concerned the motivation of political parties through the variables of policy and office. It was concluded that "both formal and comparative theorists now largely agree that policy motivations provide a better explanation of the driving force behind political parties" (refer p. 17). The findings of this thesis suggest that while policy and office are important motivations for political parties, other motivations can be equally as important, such as maintaining internal

cohesion and the pragmatic attainment of power. It is too simplistic to reduce the motivations of political parties to a policy and office dichotomy. In reality, the motivations of political actors goes beyond these two factors and may change over time and be different for each party.

5.2 A Retrospective: General Assumptions on Government Formation

The theoretical framework presented in Chapter Three and summarised in Table 5.1 formed the basis for the questionnaire. By comparing each assumption with the subsequent empirical results, it becomes possible to evaluate the key theoretical propositions. For example, the arenas organising principle of **assumption 1** which stated that "government formation takes place in three interdependent arenas", was broadly confirmed by the results of the questionnaire in Q:3 - 6 (refer to Figure 4.3). The responses to these questions indicate that policy, future elections and party cohesion were the most important factors in government formation negotiations. This confirms the usefulness of assumption 1. As policy relates to the parliamentary arena, future elections relates to the electoral arena and cohesion relates to the internal party arena. Therefore, this study provides strong support for the notion that government formation is a process that results from the interaction of interconnected arenas.

Assumption 2 (a) was not directly addressed in the questionnaire[225] but was indirectly confirmed by the 1998-1999 minority coalition National government. During this period United and ACT did not consider themselves as part of the Labour led Opposition. However they were also not part of government. Rather, they saw

[225] This was due to the limited time for each interview, thus some assumptions were validated via other research methods, such as observation and analysis of reality.

themselves as an informal section of government. The evidence therefore suggests that the 1999 New Zealand parliament is characterised by parties that fulfil three roles: (a) the government, comprised of National and independents; (b) the supporting parties, comprised of ACT and United; and (c), the Opposition comprised of Labour, Alliance, NZF and a number of independents.

Table 5.1: General Assumptions on Government Formation

1. Government formation takes place in *three inter-dependent* arenas,
   (a) Parliamentary
   (b) Electoral
   (c) Internal Party
2. Political parties interact within the electoral and parliamentary arena and,
   (a) The parliamentary arena is characterised by parties which fulfil three roles to *form, support,* or *oppose* a government.
   (b) The electoral arena is characterised by inter-party *co-operation* and *competition.*
3. Political parties seek to attain the following specific goals in each arena,
   (a) *Policy influence* in the parliamentary arena.
   (b) *Vote maximisation* in the Electoral arena.
   (c) *Cohesion* in the Internal Party arena
4. Each of the arena specific goals are both *resources* and *constraints* in the three arenas.
5. A party *does not need to be in government* to maximise policy influence
6. Political parties are comprised of,
   (a) *Factions*, whose goal is to implement their own policy into government policy
   (b) *Leaders*, whose goal is to remain party leaders and attain government office
7. Parliamentary leaders *personal goals* may not coincide with their parties goals.
8. Parties consider future consequences in,
   (a) Time frames of *one political cycle.*
   (b) *incumbency costs*

Assumption 2 (b), "the electoral arena is characterised by inter-party co-operation and competition", can also be observed in the current political environment. For example, an election obviously entails competition between parties in a democratic

system. However, less obvious is the amount of co-operation that can occur between competing parties who believe it is advantageous to work together. An example of co-operation comes from the 1996 election where National chose not to stand an opposing candidate against United's Peter Dunne in the Ohariu-Belmont electorate. He pledged to support National if it formed a government. More information to confirm this assumption can be seen in the compromises National and ACT made for the 1999 election. For example, National have indicated that it will not be standing a candidate in Wellington Central against ACT's Richard Prebble[226].

Assumptions 3 and **4** were addressed in the interviews when MPs were asked to indicate what factors they considered were important in government formation negotiations, and how they impacted on each other. It was found that MPs considered that future vote maximisation in the electoral arena was affected by the implementation of policy in the parliamentary arena. Both were affected by the need to maintain internal party cohesion (as shown in Labour's negotiation stance with NZF in 1996). Therefore, the results of the interviews confirmed the perception that goals in one arena can become constraints in another.

The question[227] based on **assumption 5** generated one of the most valuable findings in the thesis. Assumption 5 stated "a party does not need to be in government to maximise policy influence". This suggested that a supporting party could extract just as much policy influence outside of government by its ability to vote down and support legislation in parliament. The findings from the questionnaire indicate that this assumption was, in fact, incorrect (see Figure.3.4). A third party must be in cabinet if it wants to maximise policy influence. There are two main reasons for this. First, the

[226] Luke, P., (1999), "ACT gives Nats free run in Christchurch seat", in *The Press*, May 3, p. 11.
[227] Topic 1, Question 1: Putting aside differences in leadership and personalities, do you believe a third party has more policy influence over a government by remaining outside a coalition?

executives' ability to implement policy via ministerial direction means a third party must be at the cabinet table if it wants to influence policy as it is being formed. Second, any policy a third party may want to implement has to be monitored via the cabinet table to ensure that the ministries and ministers do not quietly undermine it.

The results of the questionnaire also found support for **assumptions 6** and **7**, which were addressed in the factor "office for career advancement" (Q:3 and 5) in responses to Topic 4 Q:1. Assumption 6 (a) suggested that "political parties are comprised of factions...". This was confirmed by those MPs who indicated that they would form inter-caucus alliances to get "their" (that is their faction's) policy implemented. It was further illustrated by the internal problems surrounding the treasurer's position in Labour in 1996 and by the removal of Jim Bolger as PM in 1998. Assumption 6 (b) which suggested that "political parties are comprised of leaders who wish to remain party leaders" and 7 "that parliamentary leaders goals may not coincide with their party's goals", were not confirmed to any substantial degree. However, despite the difficulty in determining these assumptions, they would seem to be logically important variables in government formation. Government formation negotiations are primarily controlled by party leaders and their personal ambitions may impact on their decision making ability.

Assumption 8 (a) that "parties consider future consequences in time frames of one political cycle", was examined in Q:3-5, where responses indicated that MPs do have an eye to the future. For example, in answer to Q:5, Labour MPs appeared to be thinking in terms of at least one political cycle when they chose a "hard-nosed" bargaining style in 1996. The associated **assumption 8 (b)** that "parties consider future consequences in incumbency costs", was not confirmed to any significant degree. However, if future elections are a factor when a party is considering forming a minority

government or a coalition majority government, then by definition, a party is considering the incumbency cost of each particular outcome. This assumption whilst not directly confirmed by the results of the questionnaire, should be considered an important factor in government formation.

In summary, the assumptions on general government formation were largely confirmed by the results of the questionnaire, with the exception of assumption 5 which incorrectly stated that "a party does not need to be in government to maximise policy influence". The importance of this finding should not be under estimated, as it heavily influences the subsequent cost/benefit analysis and brings about a re-evaluation of the optimal government outcome for major and minor parties. Additionally, within government formation literature this variable has not previously been identified, despite its importance to government formation theory in general. Furthermore, in terms of the New Zealand situation, this variable is vitally important as the executive has considerable powers to implement policy via ministerial direction without parliament being notified[228].

5.3 Cost/benefit Modelling and the Empirical Results

The above theoretical assumptions were applied to the twelve most likely outcomes in a party system framework that reflected the situation in New Zealand[229]. Additionally, the results were modelled in cost/benefit terms. The twelve outcomes were then discussed in two categories, minimal winning coalitions (*mwc)* and minority outcomes,

[228] Cave, S., (1999), "Parliament casts its eye over 'private' laws", in *The National Bulletin*, February 19.
[229] That is a party system comprised of two main parties and two or three third parties distributed over a 5 point scale.

which encompassed both single party minority governments and coalitions. The theory section also modelled the costs of any given situation in comparison to its benefits, and then indicated what outcomes were optimal for both major and minor parties. However, the conclusions in this section need to be revised in light of the changes to the general assumptions on government formation.

The Revised Costs/Benefits Analysis of Minimal Winning Coalitions (mwc)

The findings of the questionnaire largely confirmed the factors parties must consider when considering a *mwc* (as presented in Chapter Three). However, the earlier conclusion that "playing a supporting role outside government may mean policy influence can be maximised to a higher level"(p.83), needs amending in light of the empirical findings. By uncovering the importance of cabinet participation in relation to policy influence maximisation, the conclusions on *mwc* in cost/benefit terms have changed. The previous conclusion that a third party can maximise policy influence whilst supporting a minority government appears incorrect. The reality is that a third party requires a formal coalition to maximise policy influence. Therefore, the revised conclusion, and an important finding of this thesis, is that a third party does not exchange office for policy influence in a *mwc*. In reality, gaining office is the only way for it to maximise policy influence due to the pivotal position cabinet plays in implementation of policy.

Despite this change, the suggestion that *mwcs* decrease major party cohesion due to the allocation of scarce offices to the junior partner, appears to be accurate (p.119). The accuracy of this was confirmed in the responses to Topic 4.Q:1 where an MP stated that they felt "a huge amount of pain" (p.120) at seeing portfolios going to a coalition

partner. Also, other National backbenchers voiced their discontent at how the NZF caucus appeared to have more say in cabinet than they did. In addition, the identification of possible inter-caucus alliances between coalition partners and its negative affect on party cohesion was another significant finding of this thesis. This variable had not previously been identified as important in government formation literature.

The other important finding on *mwc* was the role collective cabinet responsibility plays in the cost/benefit analysis between senior and junior coalition partners. This thesis modelled CCR as primarily a cost to the junior party, as it must publicly support policy it may not wish to (p.82). The results of the questionnaire confirmed this perception (p.116), and revealed that the majority of MPs are aware of the effect of CCR, but do not perceive it as a problem. This finding is significant, as it confirms that CCR is a significant cost for third parties and infers that this constitutional convention founded under FPP is inconsistent with the present MMP environment. Interestingly, the same conclusion appears to have been reached by Labour and the Alliance, as both parties are discussing how the doctrine can be amended to mitigate its affects on a junior coalition partner.

The amended conclusion to the cost/benefit analysis is that a third party has more to gain in a *mwc* as: (a) it can only maximise policy influence and achieve its goal in the parliamentary arena by joining a coalition; and (b), the attainment of executive office furthers the careers of its MPs. These two benefits more than compensate for the possible loss of party cohesion due to a senior partner's influence, the possible loss of identity due to the doctrine of CCR (if it hasn't been altered), and the loss of its ability to criticise the government.

Due to findings on CCR and the amending of assumption five, the revised conclusion on a *mwc* is that a senior partner does not benefit in a majority coalition. When a major party allows a third party into the executive, it loses a degree of policy influence which is in turn gained by the third party. Additionally, the doctrine of CCR (which favours the major party in a coalition) is not an entrenched constitutional law and can be amended. Therefore, the only benefits for a senior party in a *mwc* are: (a) having the ability to undermine the junior partner through offering office pay-offs; and (b), stopping a potential source of criticism. In the final analysis, neither of these overcome the costs of *mwc* for major parties.

The Revised Cost/Benefit Analysis of Minority Governments

It was suggested in Chapter Three (p.84) that operating a single party minority government would be problematic as a high degree of compromise would be required. This could cause the governing party to lose its identity if it failed to implement its mandate. However, after considering the findings of the empirical study it appears that this statement also needs amending. For a major party, a single party minority outcome or a minority coalition with a centre-third party, may be the preferred option as it increases the chance of goal attainment in all three arenas. In these situations, a major party can ignore wing third parties and maximise its policy influence through ministerial direction, thereby maintaining its own identity at a higher level, and maximising its cohesion by giving out all executive offices to its own MPs.

In summary, the results of the questionnaire reversed the conclusions to the earlier cost/benefit analysis. By applying the empirical results, the optimal choices for a major

party (the party which largely controls government formation negotiations) are minority outcomes. By forming minority governments, whether single party or coalition, a major party has the ability to maximise goal attainment in all arenas, especially in a single party minority government where it can implement policy via ministerial direction. Conversely, for third parties, especially wing third parties, *mwc* are the best option as they cannot hope to maximise policy influence from outside a formal government agreement.

5.4 Conclusion

The contribution of this thesis lies in four principle areas. First, an important insight into the opinions of New Zealand's political decision makers was obtained. To the best of the author's knowledge, this thesis is the first study to personally interview 40% of MPs on government formation. Second, an improved explanation was suggested on how government formation variables interact. Important factors in formation negotiations go beyond policy/office considerations, and include such factors as party cohesion and future elections. Third, a better understanding of the 1996 government formation negotiations was obtained: each party was constrained by a different combination of factors which affected their flexibility and ultimately resulted in success for National. Fourth, the study revealed the importance of three variables that are significant in government formation situations, namely, the effect of ministerial direction on policy influence maximisation, the possibility of inter-caucus alliances in a coalition and the effect of CCR on junior coalition partners.

Together, these four insights provide enough detail to confirm the research proposition "*that the introduction of MMP in NZ is likely to result in an increase in the number of single and multiparty minority governments*". The introduction of MMP, in combination with the existing party system, *is* likely to result in more minority outcomes. As the theoretical reasoning and empirical data indicate, these outcomes are most likely to be either single party minority governments (in the absence of a centre third party) or minority coalitions (with a centre party). Indeed, minority outcomes may well become the preferred option behind single party majority governments in New Zealand.

Appendix 1

Elite Survey: Respondents Copy

Section 1

1) Do you think the experience of coalition and minority governments between 1993 - 1999 was exceptional, or a good indication of how governments will operate under MMP?

- exceptional ☐
- good indication ☐
- poor indication ☐
- don't know ☐

2) What type of government do you consider is the most likely under MMP in the longer term (i.e. the next decade)?

Please rank from 1 (most likely) to 5 (least likely).

- single-party majority ☐
- grand coalitions ☐
- majority coalitions ☐
- minority coalitions ☐
- single party minority ☐
- don't know / can't say ☐

3) From the following list of factors, PLEASE RANK IN ORDER what you consider **should be** the chief factors in government formation negotiations.

- Future Elections
- Office for career advancement
- Personality clashes
- Policy
- Other_____
- Party cohesion
- Trust
- Office for resources
- Other_____

4) For those factors you ranked 1st and 2nd in question 3 could you explain what impact they **should** have on formation negotiations.

5) From the same list of factors, PLEASE RANK IN ORDER what you consider **to have been** the chief factors for each party, in the 1996 government formation negotiations.

- Office for resources
- Party cohesion
- Personality clashes
- Trust
- Other_____
- Future Elections
- Office for career advancement
- Policy
- Other_____

6) For those factors you ranked first and second in question 5, could you explain how they affected the negotiations (i.e. what options they undermined/promoted).

Section 2

The following section is aimed at discovering how you feel about the costs and benefits of coalitions and minority governments.

Topic: ***Third parties supporting*** a minority government.

1- Putting aside differences in leadership and personalities, do you believe a third party has more policy influence over a government by remaining outside a coalition?
2- Do you believe a third party can avoid associational costs at the following election by supporting a minority government rather than joining a coalition?
3 - Is a third party able to maintain party cohesion better by supporting a minority party as opposed to joining a coalition?
4 – How important is the ability to criticise a government for a supporting party?

Topic: A ***single party minority*** government.

1- Assuming a minority government can maintain its identity better than if it went into a coalition, are there any negative aspects of maintaining such an identity?
2- A minority government has to look for a majority on a case by case basis, do you believe this is a strength or weakness?

Topic: A ***junior partner*** within a ***majority coalition***

1- Is the influence a senior partner can have on a junior partners MPs an important consideration for the junior partner?
2- Do you believe the doctrine of collective cabinet responsibility, as it is presently practised, forces the junior partner to support policy it might not wish to.

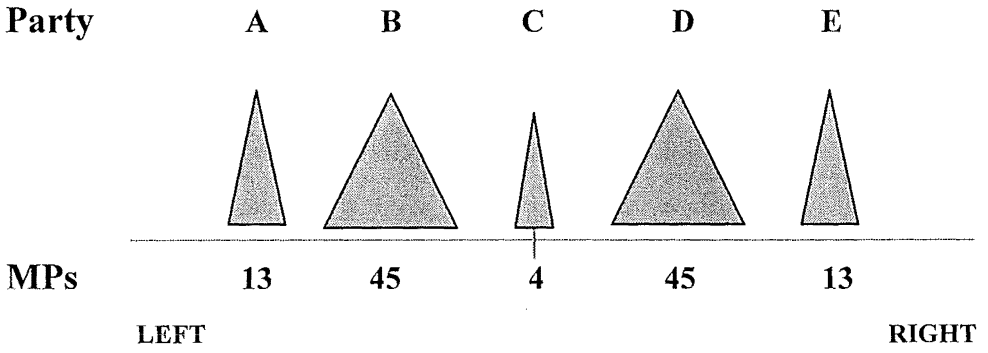
3- - Is the doctrine of collective cabinet responsibility a valid practice in coalition government?

Topic: The ***senior party*** in a ***majority coalition.***

1- Do you believe party cohesion is harder to attain and maintain within a coalition?
2- Do you believe that a coalition government shares the responsibility for unpopular policies evenly between the junior and senior partners.

Section 3

A Possible Outcome With Parliamentary Numbers and Party Positions



Choose one party from the scenario above which you think best reflects your party's ideological position as perceived by voters and the media as well as yourself.

Chosen Party □

From the above scenario, taking into consideration the parliamentary representation of each party and the individual MPs themselves, what type of government outcome would you prefer and why (i.e., majority coalition, minority coalition, single party minority etc) ?

List of Interviews: In Chronological Order

Name	Party	Status
1- Mark, Ron	NZF	List
2- Dalziel, Lianne	Lab	List
3- Dyson, Ruth	Lab	List
4- Anderton, Jim	All	Con
5- Bloxham, Jenny	NZF	List
6- Carter, David	Nat	Con
7- Brownlee, Gerry	Nat	Con
8- Moore, Mike	Lab	Con
9- Dunne, Peter	Unt	Con
10- Hide, Rodney	ACT	List
11- Elder, Jack	Ind	List
12- McCardle, Peter	Ind	List
13- Anae, Arthur	Nat	Con
14- Yates, Dianne	Lab	List
15- Carter, John	Nat	Con
16- Luxton, John	Nat	Con
17- Batten, Anne	Ind	List
18- Woolerton, Doug	NZF	List
19- Brown, Peter	NZF	List
20- Peck, Mark	Lab	Con
21- Birch, Bill	Nat	Con
22- Maharey, Steve	Lab	Con
23- Kirton, Neil	Ind	List
24- Fitzsimons, Jeanette	All	List
25- Quigley, Marilyn	Nat	List
26- Graham, Douglas	Nat	List
27- O'Regan, Katherine	Nat	List
28- Sutton, Jim	Lab	Con
29- Vernon, Belinda	Nat	Con
30- Clark, Helen	Lab	Con
31- Barker, Rick	Lab	Con
32- Young, Annabel	Nat	List
33- Roy, Eric	Nat	List
34- Newman, Muriel	ACT	List
35- Gosche, Mark	Lab	List
36- Cullen, Michael	Lab	Con
37- Wong, Pansy	Nat	List
38- Tizard, Judith	Lab	Con
39- Barnett, Tim	Lab	Con
40- Burton, Mark	Lab	Con
41- Hunt, Johnathon	Lab	List
42- Harre, Laila	All	List
43- Peters, Winston	NZF	Con
44- Grover, Frank	All	List
45- King, Annette	Lab	Con
46- O'Conner, Damien	Lab	Con
47- Sutherland, Larry	Lab	Con
48- Hobbs, Marion	Lab	List

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